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Regulatory Agenda

Issue No. 36

1 March 1990

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Westcoast Energy Inc. - Hossilt Pipeline Project - GH-8-90*

Reasons for Decision dated November 1990; issued 11 December 1990.

The Board held a hearing on 1 November 1990 in Ottawa, Ontario on an application by Westcoast to construct the Hossilt pipeline.

The Board approved the construction of the 44.9-kilometre long pipeline which will enable Westcoast to provide firm raw gas transmission and processing services to Unocal Canada Limited. Located in northeastern British Columbia, the pipeline will be constructed at an estimated cost of \$10.9 million and is scheduled to be in service in April 1991.

The Board conducted an environmental screening of the application by means of written submissions. (Refer to item 1(d) under *Matters Considered by Written Submissions*.)

2. *Westcoast Energy Inc. - Toll Application - RH-1-90*

Reasons for Decision dated January 1990; issued on 28 February 1991.

The Board held a public hearing from 10 October to 6 November 1990 in Vancouver, British Columbia and Ottawa, Ontario to consider an application by Westcoast to increase its tolls.

The Board approved an increase in the company's rate of return on common equity from 13.25 percent to 13.75 percent. Westcoast had requested a rate of 14.375 percent. The Board also approved Westcoast's request that the common equity ratio remain at 35 percent.

During the hearing, the Board also examined Westcoast's policy on the expansion of raw gas transmission

facilities and issued its decision on this matter on 19 October 1990.

On 27 December 1990, the Board also issued a decision on Westcoast's queuing procedures. The Board required Westcoast to amend its existing queuing procedures so that prospective shippers who do not sign long-term service agreements necessary to support a facility expansion should no longer be removed from the queue. However, the Board decided to allow those prospective shippers who agree to sign long-term service agreements and who have been granted capacity on the new expansion facility to advance to the head of the queue.

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National Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended by S.C. 1990, c. 7.

A profile of the National Energy Board appears on the last page of this agenda.

Hearing Decisions Pending

1. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. Application for a Natural Gas Liquids Storage Facility - RH-3-90*

The Board held a public hearing from 12 to 17 November 1990 in Edmonton, Alberta to consider the question of the need for a proposed natural gas liquids storage facility near Edmonton, as well as the toll design and access issues related to that facility.

The Board also examined, by means of written submissions, an application dated 30 April 1990 by Interprovincial requesting approval of a proposal to construct a natural gas liquids storage facility. (Refer to item 2 under *Matters Considered by Written Submissions*.)

The proposed facility, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2.032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

The Board expects to issue combined Parts III and IV Reasons for Decision in April 1991.

2. *Dartmouth Power Associates Limited Partnership - Natural Gas Export - GH-9-90*

The Board held a public hearing on 19 and 20 February 1991 in Ottawa, Ontario to consider an application by Brymore Energy Ltd., as agent for Dartmouth Power, for a licence to export natural gas.

The application requested a licence to export 2.9 billion cubic metres (103.4 billion cubic feet) of natural gas near Iroquois, Ontario for 20 years beginning 1 November 1992. The gas will be used to fuel a new gas fired independent power generating facility in Dartmouth, Massachusetts.

An environmental screening of the proposed export is being conducted by

means of written submissions. (Refer to item 1(e) under *Matters Considered by Written Submissions*.)

3. *North Canadian Oils Ltd. and Poco Petroleum Ltd. - Natural Gas Export - GH-7-90*

The Board held a hearing on 23 and 24 October 1990 in Vancouver, British Columbia on an application by North Canadian Oils and two applications by Poco for licences to export natural gas.

North Canadian Oils proposes to export up to 1 084 million cubic metres (38.3 billion cubic feet) of natural gas at Emerson, Manitoba over a 15-year period beginning 1 January 1991. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In light of information received from North Canadian Oils concerning a possible change in supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on the application until all arrangements have been finalized. North Canadian Oils was directed to inform the Board when agreements have been reached with Ada and any other supplier to the Ada project, to file a copy of the agreement with the Board and to serve it on all interested parties. Following this, the Board will issue further directions on procedure. It is the Board's intention to reopen the hearing to consider this new information once all arrangements are in place.

Poco's first application requests a licence to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990 and ending 31 October 1999. The gas would be sold to Washington Natural Gas Company for system supply.

Poco's second application requests a licence to export up to 1 583 million cubic metres (56 billion cubic feet) of

natural gas from Huntingdon, British Columbia over a nine-year period beginning 1 November 1990. The gas would be sold to IGI Resources, Inc. of Boise, Idaho to supply customers in the Pacific northwest area of the United States.

The Board is currently considering its decision with respect to Poco's applications.

The Board is also conducting an environmental screening of the applications by means of written submissions. (Refer to item 1(a) under *Matters Considered by Written Submissions*.)

4. *TransCanada PipeLines Limited - Gananoque Extension - GH-4-90*

The Board held a hearing in Kingston and Gananoque, Ontario between 10 September and 30 October 1990, for a total of 21 days, to consider an application by TransCanada entitled "Gananoque Extension Facilities Review Application".

The proposed extension would be a new pipeline extending 25.2 kilometres from TransCanada's mainline east of Kingston to a point on the international border near Wolfe Island on the St. Lawrence River. The pipeline would transport natural gas to be exported by Western Gas Marketing Limited, as agent for TransCanada, to Niagara Mohawk Power Corporation in the state of New York, beginning 1 November 1991.

TransCanada estimated that the pipeline, to be constructed in 1991, would cost approximately \$29.6 million.

Final arguments on facility matters were conducted in writing. The Board considered the toll methodology of the project in a separate hearing, held on 26 and 27 November 1990. (Refer to item 5 below.)

The Board expects to issue its Reasons for Decision in May 1991.

**5. TransCanada PipeLines Limited -
Gananoque Extension
- Toll Methodology - RH-4-90**

The Board held a hearing on 26 and 27 November 1990 to determine the appropriate toll methodology to be applied to TransCanada's proposed Gananoque Extension.

The Board expects to issue its Reasons for Decision in late April or early May 1991.

**6. Combined Hearing on TransCanada
PipeLines Limited 1991/92 Facilities
and Associated Gas Export Licences
- GH-5-89**

The Board held a hearing in Calgary, Alberta and Ottawa, Ontario from 26 March to 13 December 1990, for a total of 96 days, on an application dated 29 June 1989, as amended on 15 December 1989, by TransCanada for approval to expand its pipeline system by 1 November 1991 and 1 November 1992 to serve expanding domestic and export markets. At the hearing the Board also considered 15 gas export applications and two applications for orders requiring TransCanada to transport natural gas and to provide adequate facilities to transport the gas and certain toll-related issues.

The facilities application included the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations. The 1 592 kilometres included one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario. The facilities are estimated to cost \$2.4 billion. In November 1990, the Board approved a portion of the facilities, specifically those that are required in order for TransCanada to serve, beginning 1 November 1991, its most assured requirements.

The 15 export applications considered at the hearing are as follows:

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
Emerson, Manitoba:				
Kamine South Glens Falls Cogen Co., Inc./Beta South Glens Falls Inc.	.402	14.2	2.1	74
Niagara Falls, Ontario:				
Canadian Occidental Petroleum Ltd.	.433	15.3	2.4	84
Western Gas Marketing Limited	.283	10.0	1.6	55
FSC Resources Limited ¹	.453	16.0	2.5	87
Iroquois, Ontario:				
Pawtucket Power Associates Limited Partnership	.362	12.8	2.6	93
JMC Selkirk, Inc.	.651	23.0	3.7	130
ProGas Limited ²	.708	25.0	4.8	170
Eso Resources Canada Limited	.991	35.0	5.4	192
New England Power Company	1.700	60.0	9.3	329
Chippawa, Ontario:				
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	.425	15.0	2.3	82
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Corinth)	.459	16.3	2.5	87
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Ilion) ^{1,3}	.210	7.5	0.8	30
Kamine Carthage Cogen Co. Inc./Beta Carthage Inc.	.402	14.2	2.1	74
Fulton Cogeneration Associates	.354	12.5	1.4	50
Unigas Corporation ^{1,3}	.453	16.0	1.7	59

1. Requested export volumes do not form part of TransCanada's requirements.
2. ProGas requested an amendment to an existing licence with no change in the term quantity.
3. Also filed applications for orders requiring TransCanada to transport the gas and to provide adequate facilities to transport the gas.

The Board also considered at the hearing applications by Indeck Gas Supply Corporation and Rochester Gas and Electric Corporation (for Unigas Corporation) requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The Board also considered certain issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, the appropriate toll treatment of the proposed facilities and the means by which the economic feasibility of the proposed facilities could be determined. The Board issued its decision on these matters in November 1990.

The Board expects to issue its Reasons for Decision on the remainder of the applications in the spring of 1991.

The Board also conducted an environmental screening of these applications. (Refer to item 1 (b) under *Matters Considered by Written Submissions*.)

6. *Trans Québec & Maritimes Pipeline Inc. - 1991/1992 Tolls - RH-2-90*

From 10 to 13 December, the Board held a public hearing in Ottawa to consider an application dated 17 July 1990, as amended, from TQM to increase its rate of return on common equity from 13.75 percent to 14.50 percent for both 1991 and 1992.

TQM's proposal forms part of an application to increase the tolls on its natural gas pipeline system by 9.4 percent in 1991 and a further 2.8 percent in 1992.

Matters other than rate of return were considered by written submissions prior to the public hearing, with argument on these matters being heard at the hearing.

Pending release of its Reasons for Decision on the toll application, the Board, on 7 December 1990, made TQM's existing tolls interim, effective 1 January 1991.

The Board expects to issue its Reasons for Decision in March 1991.

Hearings Scheduled

1. *Westcoast Energy Inc. - Adsett Pipeline Project - GH-6-90*

The Board will hold a public hearing commencing on 16 April 1991 in Fort Nelson, British Columbia to consider an application by Westcoast to construct the Adsett Pipeline.

The expansion proposal involves the construction of a 48-kilometre raw gas transmission pipeline extending from the Adsett gas field in northeastern British Columbia to Westcoast's Klua pipeline which extends to the Fort Nelson Gas Processing Plant. The estimated cost of the facilities is \$8.3 million.

Initially, the proposed pipeline would enable Westcoast to provide firm transmission services to three shippers.

The Board will also conduct an environmental screening of the application.

2. *TransCanada PipeLines Limited - Blackhorse Pipeline Extension*

The Board will conduct a public hearing commencing 22 April 1991, at a location to be announced at a later

date, to consider an application by TransCanada to construct a pipeline known as the Blackhorse Extension.

On 20 July 1989, TransCanada applied for approval to construct 20 kilometres of pipeline and associated facilities for service beginning 1 November 1990. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$38.9 million. The extension would interconnect with the proposed Empire State Pipeline which will be serving central and western New York State.

The Board will also be conducting an environmental screening of the application during the hearing.

3. *TransCanada PipeLines Limited - Toll Application - RH-1-91*

The Board will hold a public hearing commencing 14 May 1991 in Calgary, Alberta to consider an application by TransCanada for new tolls effective 1 January 1991.

The requested tolls average 19.6 percent higher than the tolls in effect during 1990.

The company also requested a 30.9-percent increase in its revenue requirement, from \$934 million to \$1 223 million, and an increase in its rate of return on common equity from 13.25 percent to 14.50 percent.

In late December, the Board approved new tolls, effective 1 January 1991, that the company may charge on an interim basis, pending the Board's final decision on TransCanada's application. The interim tolls average 12.1 percent higher than the tolls in effect during 1990.

Matters Considered by Written Submissions

1. *Environmental Screening of Various Projects*

The Board is conducting or has conducted environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of various projects considered or to be considered at hearings to determine whether and, if so, the extent to which, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

- (a) Application by North Canadian Oils Limited and POCO Petroleum Ltd. for natural gas export licences (GH-7-90). (Refer to item 3 under *Hearing Decisions Pending*.)

The environmental screenings are currently in progress.

- (b) Application by TransCanada PipeLines Limited for 1991/92 facilities, applications by 15 companies for natural gas export licences and two applications under section 71 of the Act - (GH-5-89). (Refer to item 6 under *Hearing Decisions Pending*.)

The Board found that any potential adverse environmental effects and directly related social effects of the applications would be insignificant or mitigable with known technology.

- (c) Natural gas exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90.

All interested parties have provided written submissions to the Board and Esso, Gulf and Shell have filed their reply. The Board is currently

reviewing all the information provided as part of its environmental screening of the export proposal.

- (d) Westcoast Energy Inc.'s application to construct the Hossit Pipeline (GH-8-90). (Refer to item 1 under *Recent Hearing Reports and Decisions*.)

The Board found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

- (e) Application by Dartmouth Power Associates Limited Partnership for a natural gas export licence (GH-9-90). (Refer to item 2 under *Hearing Decisions Pending*.)

The environmental screening is currently in progress.

2. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Natural Gas Liquids Storage Facility - GHW-5-90*

The Board is examining an application, dated 30 April 1990, by Interprovincial requesting approval of a proposal to construct a natural gas liquids storage facility.

The proposed facility, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2,032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

The storage facility would allow suppliers to accumulate natural gas liquids at the line rate and batch size needed for periodic injection into Interprovincial's pipeline system.

Construction was scheduled to start in April 1991 at an estimated cost of \$18 million.

This written proceeding was conducted to examine all Part III matters of the application except the question of the need for the proposed facility. The question of need and the Part IV matters were dealt with in a public hearing held in Edmonton from 12 to 17 November 1990. (Refer to item 1 under *Hearing Decisions Pending*.)

The Board is also conducting an environmental screening of the application (PO-1-GHW-5-90).

The Board expects to issue combined Parts III and IV Reasons for Decision in April 1991.

3. *New Brunswick Power - Applications for Electricity Exports - EW-1-90/ EW-2-90*

Reasons for Decision dated January 1991; issued 31 January 1991.

The Board considered applications dated 15 February and 10 July 1990 from New Brunswick Power for eight authorizations to export electricity.

The Board issued permits to New Brunswick Power for the export of electricity to Eastern Maine Electric Cooperative, Inc., Maine Electric Power Company, Maine Public Service Company, and Massachusetts Municipal Wholesale Electric Company.

New Brunswick Power's applications were the first covering major export proposals to be processed in accordance with the new *Canadian Electricity Policy*. The *National Energy Board Act*, which was amended on 1 June 1990 to implement this policy, allows exports of electricity to be authorized by permit without the requirement for a public hearing unless the Board recommends that the Governor in Council designate

the application for licensing, which could necessitate a public hearing.

Following the study of the information supplied by New Brunswick Power and the submissions from interested parties, the Board decided to issue the permits requested for those transactions over which it asserted its jurisdiction and not to recommend that the Governor in Council designate the applications for licensing.

Under the permits issued, New Brunswick Power will be able to make the following exports:

- up to 100 megawatts of firm power from the Point Lepreau generating station to Massachusetts Municipal Wholesale Electric Company between 1 February 1991 and 31 October 1993 and 50 megawatts between 1 November 1993 and 31 October 1994;
- up to 6 482.4 gigawatt hours of interruptible energy in any consecutive 12-month period to Maine Electric Power Company, between 1 February 1991 and 31 October 2000;
- up to 400 gigawatt hours of interruptible energy in any consecutive 12-month period to Maine Public Service Company between 1 February 1991 and 31 October 2000;
- up to 50 megawatts of firm power to be wheeled by Maine Public Service Company through its service area and returned to New Brunswick between 1 February 1991 and 31 July 2002;
- up to 179 gigawatt hours of interruptible energy in any consecutive 12-month period to Eastern Maine Electric Cooperative, Inc. between 1 February 1991 and 31 October 2000;
- up to 23 megawatts of firm power to Eastern Maine Electric Cooperative, Inc. between 1 February 1991 and 31 October 1993 and 21.5 megawatts between 1 November 1993 and 31 October 1994. Up to 20 megawatts of this power will come from New Brunswick Power's thermal generation, the remainder will come from the Point Lepreau plant.

New Brunswick Power had also applied for authorization to wheel American-generated electricity through its system for Maine Public Service Company, Eastern Maine Electric Cooperative, Inc., and Houlton Water Company. The Board decided, in response to submissions by Ontario Hydro and New Brunswick Power, that the wheeling of electricity not produced in Canada need not be subject to the Board's current export regulation. Permits authorizing these transactions are, therefore, not required at this time and will not be issued. The Board will, however, continue to monitor such transactions.

The Board also conducted an environmental screening of the exports and found that any potential adverse environmental effects and directly related social effects would be insignificant or mitigable with known technology.

4. Ontario Hydro - Renewal of Export Authorizations - EW-3-90

On 10 October 1990, Ontario Hydro applied for the renewal of five export authorizations.

The renewal would permit the utility to continue exporting electricity to The Consumers Power Company, The Detroit Edison Company, General Public Utilities, Minnesota Power, The New York Power Pool, Niagara Mohawk Power Corporation, the

Power Authority of the State of New York, and the State of Vermont, in accordance with existing agreements.

The authorizations Ontario Hydro has requested in its application would cover three categories of exports: interruptible, firm, and circulating power and energy. The interruptible electricity exports would have a maximum annual limit of 15 terawatt hours and would extend from July 1991 to June 2006.

Firm exports to the State of Vermont of up to 112 megawatts and 1 320 gigawatt hours would extend from July 1991 to October 1992. Firm exports to the Power Authority of the State of New York of up to 3 megawatts and 15 gigawatt hours per annum to supply the Iroquois Control Dam would extend from July 1991 to June 2021. Firm exports of up to 0.1 megawatts and 200 gigawatt hours per annum, as a border accommodation, would extend from 15 May 1991 to 14 May 2021.

The export of circulating power and energy (unscheduled electricity flows associated with interconnected system operations) of up to 10 terawatt hours per annum would extend from January 1996 to December 2025.

Interested parties had until 28 January 1991 to file their submissions, and Ontario Hydro had until 18 February 1991 to file its response to the comments.

After a review of the submissions and the response received, the Board will determine whether to issue permits or to recommend to the Governor in Council that a public hearing be held.

The Board's review of the application will include an environmental screening

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing, Inc.	8 April 1990	Export and import of natural gas
8. Washington Water Power Company	30 November 1990	Export of natural gas
9. Southern California Edison Company and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd	30 January 1991	Export of natural gas
10. Southern California Edison Company and Esso Resources Canada Limited	30 January 1991	Export of natural gas

Company	Date of Application	Description
11. Southern California Edison Company and Shell Canada Limited	31 January 1991	Export of natural gas
12. Southern California Edison Company and Western Gas Marketing Limited	30 January 1991	Export of natural gas
13. Unigas Corporation	11 February 1991	Export of natural gas

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments.

Since the 1 December 1990 issue of the Agenda, the following major matters have been considered by the Board.

Reviews

1. *Alberta Natural Gas Company Ltd - Monthly Cost of Service*

As a result of reviewing the Alberta Natural Gas 1989 surveillance report for the quarter ended 30 September 1989 and the 1990 financial and throughput forecast, the Board directed the company on 21 December 1989 to modify its calculation of monthly cost of service for tariff and billing purposes.

On 14 February 1990, Alberta Natural Gas applied for a review of the Board's decision, specifically, the section which required the company to use the

actual average corporate cost rate of debt for billing purposes.

The Board decided on 22 March 1990 to conduct a review and established the due dates for the receipt of submissions from Alberta Natural Gas and interested parties.

On 5 July 1990, the Board issued its decision on this matter re-affirming its directive of 21 December 1989 that the actual corporate cost rate of debt be used to determine interest costs for billing purposes. The Board also decided that the imputed debt structure of Alberta Natural Gas' regulated pipeline should be a combination of both long- and short-term borrowings, in keeping with the normal practice of utility financing. The Board then decided to present, for comment by interested parties, a proposal to subdivide the 65-percent utility debt component into long-term and short-term components of 60 percent and 5 percent, respectively.

The Board set 31 August 1990 as the date for interested parties to file comments on the Board's proposal concerning the debt portion of Alberta Natural Gas' capital structure.

On 30 August 1990, Alberta Natural Gas filed further comments, reiterating its view that the entire deemed debt components should be considered to be long-term in nature. The Canadian Petroleum Association filed its comments on 25 September 1990, agreeing that the entire debt component should be considered as long-term but disagreeing as to the appropriate cost rate. Reply comments from Alberta Natural Gas were received on 25 October 1990.

The comments are currently under review.

2. *Trans-Northern Pipelines Inc. - Review of Order MO-22-89*

By application dated 5 September 1990, Trans-Northern applied to the Board for review of Order MO-22-89.

In a previous application dated 18 September 1989, Trans-Northern applied to start construction modifications of its pipeline located under and in the vicinity of a shopping mall in St-Eustache, Quebec. These modifications consisted of the construction of a casing over the pipeline for the full length of the building and a vapour-

detection alarm system. This construction would allow the mall owner to construct a new expansion of the mall directly on top of the pipeline. The pipeline transports jet fuel and gasoline.

On 21 December 1989, the Board denied the application. The Board found that Trans-Northern's proposal to construct a casing over the pipeline and to install a vapour-detection alarm system did not provide for a sufficient level of safety for the public. The Board decided that Trans-Northern should relocate its pipeline away from the St-Eustache shopping mall building by 30 September 1990 and issued Order MO-22-89.

On 21 September 1990, the Board decided to seek comments on the 5 September 1990 application from Beauward Shopping Centres Ltd. and the Municipality of St-Eustache.

Having reviewed the comments received, the Board decided on 7 February 1990, that a relocation of the pipeline remained the more acceptable alternative. The Board therefore required Trans-Northern to identify an alternative route and to relocate its pipeline by 30 September 1991.

3. *TransCanada PipeLines Limited - St. Mathieu Facilities*

On 12 December 1990, TransCanada applied for a review and reversal of the Board's decision of 29 December 1989 denying TransCanada's request for an extension of the commencement date for construction of the St. Mathieu facilities. The facilities are two pipeline loops totalling 8.4 kilometres in length on the St. Mathieu Extension in the province of Quebec. The Board denied the December 1989 application because the facilities were required to accommodate an export that the Board had previously denied in a proceeding held under GH-1-89, thereby, obviating the need for the facilities. Subsequently, the Board, as a result of

changed circumstances, approved the licence application it had previously denied (GH-1-90).

On 31 January 1991, the Board sent a letter to TransCanada requesting additional information on the application for review and reversal.

Appeals

1. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

Western Gas Marketing, Indeck Gas, Niagara Mohawk and Shell all filed applications with the Federal Court of Appeal for leave to appeal the Board's decision to deny the applications to export.

Export licences with respect to the four export proposals referred to above have now been issued by the Board and approved by the Governor in Council. Accordingly, the parties will not proceed with the appeals as filed.

2. *Hydro-Québec, le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed in the Federal Court of Appeal applications for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal are that the Board exceeded its jurisdiction when it submitted to the

Environmental Assessment and Review Process (EARP) the hydro-electric generation installations to be constructed by it to supply the exports and to federal environmental standards and guidelines the generation of thermal electricity to be exported. Hydro-Québec argues that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to federal regulation. The appellant further holds that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argues that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council is of the view that the Board had to apply paragraph 118(b) of the Act as it read before coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application for leave to appeal of le Procureur général. In addition to the grounds already raised by Hydro-Québec, le Procureur général also argues that the EARP Guidelines Order does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

The Federal Court of Appeal, on 28 November, granted the applications for leave to appeal of all three appellants.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

3. *Treaty 8 Tribal Association and the Doig River Indian Band*

On 10 January 1991, the Tribal Association and the Indian Band filed with the Federal Court of Appeal a notice to appeal the Board's decision of 6 December 1990 to approve an application by Canadian Hunter Exploration Ltd. to construct three 1 363-metre long segments of interprovincial pipeline. (Refer to item 5 under *Pipeline Matters*.)

The first ground for appeal was that the Board had denied the two groups procedural fairness by not seeking their reply to Canadian Hunter's 6 November 1990 reply to the comments previously made by the Tribal Association and the Indian Band. The second ground of appeal is that the Board failed to provide a full hearing to the Applicants whose constitutionally protected treaty rights constituting proprietary interests could not be affected without a hearing.

Gas Matters

1. *Alberta Northeast Gas Export Project - Licences GL-102, 103, 104 and 105*

On 12 March 1990 the following three joint applications requesting orders to vary gas export licences GL-102, GL-103, GL-104 and GL-105 were filed:

- a) GL-102: Alberta Northeast Gas, Limited (ANE) and Western Gas Marketing Limited;
- b) GL-103: ANE and ProGas Limited; and
- c) GL-104/ GL-105: ANE, ATCOR Ltd. and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.

The Board had issued the above-noted licences in March 1987 authorizing

exports via Iroquois, Ontario to 18 local distribution companies in the northeastern United States.

The applicants applied for amendments to the daily and annual volumes, but not the term volumes, so as to provide for a phase-in of the Iroquois volumes for the first year of the licence, a corresponding extension of the licence term to reflect deferred phase-in volumes and a forward shift of the licence term to coincide with the in-service date of 1 November 1991 of the Iroquois Gas Transmission System (the proposed pipeline which will transport the volumes in the United States).

In the case of Licences GL-104 and GL-105, amendments were also requested so as to incorporate the terms of a Backstop Agreement dated 7 November 1986 between ATCOR and AEC under which ATCOR or AEC may, in accordance with the terms and conditions of the Backstop Agreement, transfer portions of AEC's gas supply rights to ATCOR, and ATCOR may export those quantities of natural gas under Licence GL-104, with offsetting reductions applying to Licence GL-105.

On 10 January 1991, the Board approved the amendments regarding the terms and volumes of the four gas export licences. The Board denied the proposed amendments to Licences GL-104 and GL-105 to incorporate the terms of the AEC/ATCOR Backstop Agreement.

The amending orders to the licences require Governor in Council approval.

2. *Amoco Canada Petroleum Company Ltd. and Consolidated Edison Company of New York Inc. - Contract Amendment - Licence GL-127*

Amoco and Consolidated Edison applied on 16 January 1991 for approval of an amendment to the Gas Purchase Contract dated 1 September 1988 between Amoco and

Consolidated Edison. The amendment would provide for lower export volumes under Licence GL-127 until such time as the construction of the GH-1-89 and the United States facilities are completed.

The Board approved the application on 28 January 1991.

3. *ICG Transmission Holdings Ltd. (now Centra Transmission Holdings Inc.), Northern Minnesota Utilities, and ICG Utilities (Ontario) Ltd. (now Centra Gas Ontario Inc.) - Assign and Amend Licences GL-28, GL-29 and GL-30*

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from Centra Transmission to Northern Minnesota;
- assign Licence GL-29 from Centra Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the licence; and
- assign Licence GL-30 from Centra Transmission to Centra Gas Ontario and decrease the volume by the same amount as the volume authorized for export at Sprague and re-import at Rainy River under Licence GL-29.

Minnesota Pipelines requested the changes in the licences because it had applied to the Federal Energy Regulatory Commission to unbundle its services. FERC approved the application on 4 October 1990 and as a result Minnesota Pipelines will no longer be a buyer and seller of gas but solely a transporter of gas. In conjunction with Minnesota Pipelines' unbundling of its services, Centra Transmission will also unbundle its

services and become solely a transporter of gas.

As a result of unbundling, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

The application is currently under review.

4. *The City of Warroad - Application for an Export Order*

(Refer to item 3 above.)

In light of Minnesota Pipelines' unbundling of its services, the City of Warroad, Minnesota applied to the Board for an order to export 30 thousand cubic metres (1 million cubic feet) per day of natural gas for a 20-year period.

Currently Warroad purchases gas from Minnesota Pipelines under Licence GL-28. As a result of FERC's approval of the application of Minnesota Pipelines to unbundle its services, Minnesota Pipelines is no longer a buyer and seller of gas to Warroad, but solely a transporter. Warroad intends to purchase gas from Western Gas Marketing Limited.

The application is currently under review.

5. *L&J Energy Systems, Inc. - Amend Licence GL-148*

By application dated 29 January 1991, L&J Energy applied to amend its Licence GL-148 so as to extend the termination date by three years and to increase the term quantity from 1 456 million cubic metres (51.4 billion cubic feet) to 1 815 million cubic metres (64.1 billion cubic feet).

On 26 March 1990, L&J Energy had applied to the Board for a licence to export

1 815 million cubic metres (64.1 billion cubic feet) of gas over a 15-year period. The Board decided in October, following a public hearing, to issue a licence to L&J Energy for 1 456 million cubic metres (51.4 billion cubic feet) of natural gas and for only 12 years because of the Board's assessment of the adequacy of supply.

In support of its application to amend Licence GL-148, L&J Energy filed an amendment to the Gas Purchase Agreement with Morgan Hydrocarbons Inc.

The application is currently under review.

6. *Shell Canada Limited - Amendments to Gas Sales Contracts - Licence GL-134*

Shell Canada applied on 9 October 1990 for various amendments to its gas sales contracts with Salmon Resources Ltd. and to its gas sales contract with Cogen Energy Technology, Inc. Sales take place pursuant to Licence GL-134.

The Board approved the application on 13 December 1990.

7. *Shell Canada Limited - Amend Licence GL-120*

Shell Canada applied on 22 June 1990 to amend its gas export Licence GL-120 to remove certain conditions therein.

The Board approved the application on 6 December 1990. The amending order to the licence requires Governor in Council approval.

8. *Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100*

On 21 December 1989, Shell applied for approval of an executed Gas Purchase Agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The Agreement supersedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 associated with export authorizations at Niagara Falls, Ontario.

Shell also applied to amend Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

On 29 November 1990, the Board approved the Gas Purchase Agreement. On 6 December 1990, the Board approved the amendment to the licence. Governor in Council approval of the amending order to the licence is required.

9. *Western Gas Marketing Limited - Amend Licence GL-122*

Western Gas Marketing applied on 17 January 1991 to amend Licence GL-122 by removing certain conditions from the licence which relates to reporting requirements related to volumes exported to Consumers Power Company and Midland Cogeneration Venture Limited Partnership.

The Board approved the application on 7 February 1991. The amending order to the licence requires Governor in Council approval.

Pipeline Matters

1. *Alberta Natural Gas Company Ltd - Application for Additional and Modified Compression Facilities*

Albera Natural Gas filed an application on 31 May 1990 to construct additional compression facilities and to modify certain existing compression facilities at its three compressor stations in British Columbia in 1993. The estimated cost of the facilities is \$81.8 million.

The Board noted that Foothills Pipe Lines Ltd. had filed a related submission dated 31 May 1990 with the

Northern Pipeline Agency, on behalf of Foothills Pipe Lines (South B.C.) Ltd., concerning the construction of 77.6 kilometres of additional pipeline sections between existing sections of its pipeline in British Columbia at an estimated cost of \$104.7 million.

The Board and the Agency, noting that the facilities owned by Foothills were integrated with those owned by Alberta Natural Gas, decided to implement a joint NEB-NPA information gathering process where such information may have an impact on the decisions made independently by the two organizations. The Board also decided that interested parties will be given an opportunity to comment on the Alberta Natural Gas application. The Board will decide at a later date on the procedures for comments.

2. *Altamont Gas Transmission Company - Notice of Objection to the Process Involving Separate Applications Pursuant to the National Energy Board and the Northern Pipeline Acts*

(Refer to item 1 above.)

By letter dated 31 July 1990, as amended on 1 October 1990, Altamont filed an objection with the Board and the Northern Pipeline Agency objecting to the process by which separate applications had been made by Alberta Natural Gas and Foothills pursuant to the *National Energy Board Act* and the *Northern Pipeline Act*.

Altamont submitted that the proposed expansion of Foothills was not related to the northern pipeline and sought a ruling by the Board and the NPA on the applicability of the *Northern Pipeline Act* to the Foothills expansion facilities. Altamont also requested stay of Alberta Natural Gas' application until the Foothills issue is resolved.

The Board and the Agency decided to seek the views of Alberta Natural Gas, Foothills and other parties that might

be affected by the disposition of this matter.

The Board released its decision on Altamont's objection on 14 February 1991. The Board found that the Northern Pipeline Agency was within its jurisdiction to consider Foothills' application. Accordingly, the Board denied the stay of Alberta Natural Gas application requested by Altamont.

3. *Amerada Hess Canada Ltd. - Pipeline Construction*

On 18 December 1990, Amerada applied for approval to construct a 25.5 kilometre gas pipeline from its Boundary Lake gas processing facility in British Columbia to the NOVA Corporation of Alberta Ole receipt point in Alberta. The pipeline would have a capacity of 1.3 million cubic metres (46 million cubic feet) per day. The cost of the proposed pipeline is estimated at \$3 116 515.

The application is currently under review.

The Board is also conducting an environmental screening of the application.

4. *Bow Valley Industries Ltd. - Pipeline Construction*

On 24 January 1991, the Board approved an application dated 5 December 1990 from Bow Valley to construct a 5-kilometre gas pipeline crossing the Alberta/Saskatchewan border near Medicine Hat, Alberta. The purpose of the pipeline, which will transport up to 14 000 cubic metres (494 000 cubic feet) of gas per day, is to connect a gas well in Alberta to the Bow Valley gathering system in Saskatchewan. Construction was expected to start in February 1991 at an estimated cost of \$ 177 000.

The Board conducted an environmental screening of the project and found that any potential adverse environmental effects and directly related

social effects of the project would be insignificant or mitigable with known technology.

5. *Canadian Hunter Exploration Ltd. - Pipeline Construction*

On 13 December 1990, the Board approved an application dated 23 July 1990 from Canadian Hunter for the construction of three 1 363-metre long segments of interprovincial pipeline in the Ring/Border Field, located approximately 200 kilometres northeast of Fort St. John, British Columbia. Construction was expected to start in November 1990 at an estimated cost of \$428 200.

The Board conducted an environmental screening of the application and found that the potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

(Refer to item 3 under *Appeals*.)

6. *Genesis Pipeline Canada Ltd. - Sale and Purchase of Two Pipelines*

On 19 December 1990, Genesis applied for leave of the Board for A.P.R. Pipelines Company Ltd. to sell its two pipelines to Genesis and leave for Genesis to purchase the pipelines from A.P.R.

A.P.R. owns two pipelines approximately 7 kilometres long extending from Corunna, Ontario to the international boundary on the St. Clair River. The pipelines transport propylene and ethylene to Marysville, Michigan.

The Board approved the application on 30 January 1990.

7. *Murphy Oil Company Ltd. - Pipeline Construction*

On 2 January 1991, the Board approved an application dated 20 November 1990 by Murphy Oil to

construct a 12-kilometre sweet natural gas pipeline crossing the Alberta/Saskatchewan border some 60 kilometres north of Lloydminster, Alberta. The pipeline is estimated to cost \$409 000.

The Board conducted an environmental screening of the application and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

8. Many Islands Pipe Lines (Canada) Limited - Pipeline Construction.

On 21 December 1990, the Board approved an application dated 1 November 1990 from Many Islands to construct a 54-metre long gas pipeline crossing the Alberta/Saskatchewan border. The pipeline will transport 535 600 cubic metres (18.9 million cubic feet) of gas per day from the Saskoil gathering facilities in Alberta to the TransGas facilities in Saskatchewan. TransGas will deliver the gas to TransCanada PipeLines Limited for export purposes. The estimated cost of the pipeline is \$13 000.

The Board conducted an environmental screening of the application and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

9. Many Islands Pipe Lines (Canada) Limited - Pipeline Construction

On 10 January 1991, the Board approved an application dated 16 October 1990 from Many Islands to construct a 30-metre long gas pipeline crossing the Alberta/Saskatchewan border. The pipeline will transport 140 000 cubic metres (4.9 million cubic feet) per day of gas from the Renaissance gathering facilities in Alberta to the TransGas facilities in Saskatchewan. TransGas will deliver the gas to TransCanada PipeLines

Limited for export purposes. The estimated cost of the pipeline is \$6 100.

The Board conducted an environmental screening of the application and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

10. Sumas Energy Inc. - Pipeline Construction

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

The application is currently under review.

The Board is also conducting an environmental screening of the application.

11. Westcoast Energy Inc. - Pipeline Looping

On 13 December 1990, Westcoast applied for approval to construct a 31.45-kilometre pipeline loop located on the Fort Nelson Mainline. The facilities would increase the contractable capacity of the Fort Nelson Mainline from 24.3 to 27.5 million cubic metres per day. The estimated cost of the pipeline loop is \$34.3 million.

The Board decided on 20 December 1990 to seek the views of interested parties on the application.

On 11 February 1991, Westcoast amended its application so as to increase the length of the pipeline loop by 7.8 kilometres. The amended facilities

would increase contractable capacity and the estimated cost from the original application by .7 million cubic metres per day and \$7.4 million, respectively.

On 28 January 1991, the Board sought the views of interested parties on the amended application.

The Board is also conducting an environmental screening of the application.

12. Westcoast Energy Inc. - Klua Pipeline

On 15 January 1991, the Board approved an application from Westcoast dated 30 November 1990 for the construction of a 33.45-kilometre pipeline extending from the Klua field in northeastern British Columbia to the Fort Nelson Gas Processing Plant. The pipeline will initially transport 481 000 cubic metres (16.7 million cubic feet) per day of gas from the Klua field and Fontas gas supply area in British Columbia for processing at the Fort Nelson Gas Plant. The estimated cost of the pipeline is \$8.5 million.

In approving the application, the Board considered the comments of interested parties.

The Board conducted an environmental screening of the application and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

13. Documentation Audit Report

The Board has adopted its staff's Documentation Audit Report for compliance with the *Onshore Pipeline Regulations* for the Yukon Pipelines Limited

The Documentation Audit Report is available upon request.

Traffic and Toll Matters

1. *Alberta Natural Gas Company Ltd - Review of Tariff*

On 3 August 1989, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff.

Alberta Natural Gas filed its tariff with the Board on 11 April 1990 and revised it on 30 May.

On 13 September 1990, Alberta Natural Gas requested that the Board include as part of its tariff review 18 prospective shippers on the planned expansion of the company's system.

On 6 December 1990, Alberta Natural Gas filed a revised proposed uniform tariff. The Board gave shippers until 13 December 1990 and the company until 20 December 1990 to file comments. The comments are currently under review.

2. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Class 2 Tolls*

Interprovincial filed an application dated 27 September 1990 for an increase in the tolls it may charge, beginning 1 January 1991, for transporting crude oil, natural gas liquids and petroleum products.

On 28 December 1990, the Board approved an increase in tolls of 7.2 percent over the approved tolls for the full year 1990, or 3.5 percent over the tolls approved on 30 March 1990 and in effect from 1 April to 31 December 1990.

3. *Trans Mountain Pipe Line Company Ltd. - 1991 Capital Expenditures*

Trans Mountain filed an application dated 24 September 1990 for approval

of capital expenditures totalling \$17.68 million. Most of the projects are aimed at the general upkeep and continued modernization of the pipeline system.

The Board noted that Trans Mountain's proposed 1991 capital expenditures would increase the company's rate base by over 11 percent and would lead to an approximate 2.75-percent increase in tolls. The Board was also aware that the Independent Petroleum Association of Canada and the Canadian Petroleum Association had expressed a desire to become better informed and more actively involved in the section 58 process for major Group 1 oil pipeline companies.

For the above reasons, the Board decided on 11 October 1990 to give the interested parties in toll matters an opportunity to comment on the application.

On 20 December 1990, the Board decided, after review of the comments received, to approve the application.

4. *Trans Mountain Pipe Line Company Ltd. - Class 2 Tolls*

Trans Mountain filed an application on 15 October 1990 for an increase in the tolls it may charge for transportation services, effective 1 January 1991.

Trans Mountain stated that the purpose of the requested increase is to provide for a forecast increase in the 1991 throughput levels to 27 960 cubic metres per day from the currently approved 1990 forecast of 27 690 cubic metres per day.

On 28 December 1990, the Board approved a 6.4-percent average increase in the tolls. The increase in tolls will enable Trans Mountain to recover a 7.2-percent increase in its cost of service, up to \$85.0 million, from \$79.3 million.

5. *Toll Adjustment Procedures*

Reasons for Decision dated December 1990; issued 14 February 1991.

On 29 January 1990, the Board invited parties' comments concerning the toll adjustment procedures for Interprovincial Pipe Line Company, a division of Interhome Energy Inc., Trans Mountain Pipe Line Company Ltd. and Trans-Northern Pipelines Inc. as set out in Orders TO-4-85, TO-5-85 and TO-6-85, respectively.

The Board initiated a review of the continued appropriateness of the current toll adjustment procedures for Interprovincial, Trans Mountain and Trans-Northern because recent experience indicates that there are difficulties with the procedures, as evidenced, for example, by uncertainty regarding various deadlines, and the need to grant extensions.

Among other changes, Class 1 applications are to be filed no later than 50 days prior to the date on which the revised tolls are to become effective, and Class 2 applications are to be filed no later than 105 days prior to the date on which the revised tolls are to become effective.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on the measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks: the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff has made considerable progress in assembling a wealth of background information (including the results of the utility questionnaire) of a technical and historical nature and a panel of three Board Members has now been appointed to oversee completion of the Review.

The next stage will be to hold technical consultation with the electric utilities, provincial authorities and the Canadian Electrical Association and, subsequently, decide on further public involvement.

Study on the Use of Interprovincial Pipe Line Limited's Sarnia-Montreal Pipeline

The Board received a request from the Minister of Energy, Mines and Resources to conduct a study on the possible closure or reversal of the Sarnia-Montreal pipeline. The pipeline transports crude oil from western Canada to refineries in Montreal. In his letter, the Minister said that a diminishing supply of light western Canadian crude oil, more economic foreign crude supply opportunities for Montreal refineries, and long transit times to move oil from Sarnia to Montreal have all contributed to uncertainty about the use of the pipeline.

As a result, the Minister asked the Board to advise him on the implications of such matters as maintaining the line in operation, shutting down the line, or reversing the flow of oil from east to west.

In carrying out its study, the Board was requested to consider the following:

- Supply options for eastern Canadian refineries, including security of supply implications.
- Impact of closure on markets and prices of Canadian crude oil, including heavy crude exports.
- Supply and economic aspects of a potential reversal or bi-directional flow operation of the pipeline.
- Options open to industry and government to maintain prolonged west-to-east use of the line and their implications, costs and benefits.
- Environmental implications that may result from changes to the current operation of the line.

In conducting its study, the Board is seeking the views of interested parties.

Canadian Energy Supply and Demand

The Board last published its projections of Canadian energy supply and demand in a report entitled *Canadian Energy Supply and Demand 1987-2005*, dated September 1988.

Board staff are currently updating the projections, separate from any of the Board's current or anticipated regulatory proceedings.

An information package describing preliminary projections of energy supply and demand and of associated emissions of certain gases was made available during November 1990 for comment by interested parties. The comments received are available for viewing in the Board's Library in Ottawa and at its Calgary office.

Following the review of interested parties' comments on these preliminary projections, Board staff will prepare revised projections which it intends to publish in the summer.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments to the Regulations. The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice. The regulations have been sent to the Minister of Energy, Mines and Resources with a recommendation that they be pre-published in the *Canada Gazette*.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the natural gas Market-Based Procedure and the changes suggested by the Standing Joint Committee on Regulatory Scrutiny. They include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and two in Calgary on 11 September 1990.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new *Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination.

6. Cost Recovery Regulations

NEB Cost Recovery Regulations were approved and made effective 1 January 1991.

As of 1 January 1991, total costs of operating the Board will be recovered from regulated companies rather than being paid out of general government revenues.

The first meeting of the Joint NEB/Industry Liaison Committee was held on 5 February 1991. The Committee consists of representatives of the Board, the Canadian Petroleum

Association, the Canadian Gas Association, the Independent Petroleum Association of Canada, the Industrial Gas Users Association, the Canadian Electrical Association, the Council of Forest Industries, Group 1 gas and oil pipeline companies and distribution companies. As a result of the meeting, the Board will be considering changes in the following areas:

1. The NEB will look into the situation whereby cost recovery charges are based on NEB estimated expenditures where the NEB may eventually spend less than is estimated. Under the current method, any excess funds collected would be used to reduce the next year's cost recovery charge, resulting in a one-year lag in reimbursing the industry.
2. The NEB agreed: 1) subject to confidentiality rules applicable to documents submitted to Cabinet, to release additional information explaining how the current cost recovery methodology was derived, [e.g., why costs are allocated on the basis of pipeline deliveries,] and 2) to release information produced by the Board's staff Time Reporting System.
3. The Canadian Electrical Association representative agreed to bring certain methodology issues to the Association for discussion. These include: whether to calculate cost recovery charges for electricity exporters using three-year rolling average for export sales, and to reconsider the recovery methodology for medium-size electricity exporters. He will report back to the Committee at its next meeting.

Oil and gas representatives want to review the rationale for the existing methodology before deciding whether specific changes are required.

Parties who are interested in these issues should contact their representatives on the Committee or the Board directly.

The next meeting of the Committee is tentatively scheduled for the first week of June.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *NEB Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Reports and Speeches

1. *TransCanada's 1991-92/92-93 Natural Gas Pipeline Expansion, Some Aspects of the NEB Hearing and Decisions*, a luncheon address by J.-G. Fredette, Vice Chairman, to the NEB/FERC Crossborder Regulation of Natural Gas Conference on 14 January 1991 in Calgary, Alberta
2. *Contribution of Canadian Energy to United States Markets*, a presentation by J.-G. Fredette, Vice Chairman, to the 11th Annual Natural Gas Conference sponsored by Executive Enterprises, Inc. on 11 February 1991 in Washington, D.C.
3. *An Update on Canadian Natural Gas*, a presentation by R. Illing, Member, to the NARUC Winter Meeting on 26 February 1991, in Washington, D.C.

4. *Incident Report in the Matter of an Accident on 30 March 1989 Near Swastika, Ontario, and Compressor Station No. 107, on the Pipeline System of TransCanada PipeLines Limited* - Incident No.: 11-89 - December 1990
5. *Incident Report in the Matter of an Accident on 30 March 1989 at Swastika, Ontario Compressor Station, on the Pipeline System of TransCanada PipeLines Limited* - Incident No.: 13-89 - December 1990

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office (613) 998-7204

For information contact:

Denis Tremblay Information Services (613) 990-1850

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
- Pipeline	35	(iv) Tolls	
- Power line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
- Natural gas	35	Operating and Maintenance Budgets	20
- Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) Natural Gas		Exemption Orders Power Lines	15
Export Orders	5	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amends to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) Electricity Exports		(vi) Other	
Orders	15	Applications for Review	20
Licence Amendments	15		
Licence Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith	(403)292-6694
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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OFFICE OF THE SECRETARY

Secretary	M. Tobin	990-3167
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A/Asst. Secretary Regulatory	B. McEwen	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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A/Chief, Information Services	U. Perovic	990-3166
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gerneroy	(403)292-5400
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Gas and Oil Branch

Director	R.M. White	990-6235
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Asst. Director and Chief, Market Analysis and Export Surveillance	R. Choy	993-7653
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Chief, Gas Export	D.M. Dubuc	993-6433
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Chief, Transportation and Oil Exports	H.H. Pols	993-7656
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Senior Advisor Oil Matters	B.A. Wells	990-6238
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PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	E.L.M. Gordon	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
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Chief & Asst. Director, Environment	S.P. Pierce	998-7181
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Chief, Operational Programs	G.R. Higginson	998-7182
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Chief, Regulatory Affairs	S.A. Burgess	998-7149
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Chief, Pipeline Crossings	R.C. Seaman	998-7153
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Financial Regulation Branch

Director	H.K. Pau	990-3188
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Asst. Director & Manager, Operations	G.S. Johnson	990-3191
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Chief, (IPL, IPL(NW), TMPL)	C.M. Sharp	990-3203
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Chief, (Westcoast)	J.J. Dolan	990-3204
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Chief, (TransCanada, TQM)	G. O'Brien	990-3205
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A/Chief, (TNPL, ANG Cochin, Group 2 Pipelines)	D.Grunig	990-3213
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A/Advisor, Capital and Labour Costs, Toll Design	J. MacKay	990-3216
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Advisor, Accounting, Auditing and Taxation (Foothills)	Aideen Brown	990-3206
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Pipeline Engineering Branch

Director	G. Caron	998-7160
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A/Chief, Gas Pipelines West & A/Assistant Director	S. Richardson	998-7131
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A/Chief, Gas Pipelines East	W. Reynen	998-7134
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A/Chief, Oil Pipelines	A. Cadieux	998-7117
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Chief, Group 2 Pipelines and Data Bases and Safety	F. Jeglic	998-7133
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Coordinator, Standards and Regulations	J. Abes	998-7116
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Chief, Field Inspection	D. Watson	998-7125
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LAW BRANCH

A/General Counsel	J. Morel	990-6223
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A/Assistant General Counsel	L. Meagher	990-6229
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Counsel	D. Bursey	990-6231
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Counsel	M. Fowke	990-6228
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Counsel	R. Graw	990-6232
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Counsel	A. Vockeroth	990-3488
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Counsel	S. Courtemanche- Scott	990-6226
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Counsel	J. Syme	990-6227
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Counsel	N. Bouffard	990-1297
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas, and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

Issue No. 37

1 June 1991

Transfer of Responsibilities from the Canadian Oil and Gas Lands Administration to the National Energy Board

On 2 April 1991, approximately 50 staff members from the Canadian Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for, and the development and production of, oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

In order for the Board to legally assume these responsibilities, the legislation pursuant to which they are regulated, the *Oil and Gas Production and Conservation Act* and certain provisions of the *Canada Petroleum Resources Act* need to be amended. The *National Energy Board Act* will also likely need to be amended for that purpose. Until such legislative amendments have been passed, however, the regulatory functions mentioned above will continue to be exercised by the Minister of Energy, Mines and Resources (for activities south of 60°) and the Minister of Indian Affairs and Northern Development (for activities north of 60°) pursuant to advice and assistance of the Board and its staff, which will be given pursuant to subsection 26(2) of the *National Energy Board Act*.

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National
Energy Board

Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the *National Energy Board Act*, R.S.C. 1985, c.N-7.

A profile of the National Energy Board appears on the last page of this agenda.

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Trans Québec & Maritimes Pipeline Inc. - 1991/1992 Tolls - RH-2-90*

Reasons for Decision dated February 1991, issued 21 March 1991.

The Board approved new tolls the company may charge for transporting natural gas on its pipeline effective 1 January 1991 and 1 January 1992.

The Board approved a monthly toll of \$6.191 million for 1991, a 7.2-percent increase in the previous toll of \$5.776 million. The monthly toll for 1992 will be \$6.379 million, a further 3.0-percent increase.

The Board also decided that a rate of return on common equity of 13.75 percent on a common equity ratio of 25 percent is fair and reasonable for both 1991 and 1992. This represents no change from the rate of return and common equity ratio approved by the Board for 1990.

The issue of rate of return was the subject of an oral public hearing, held in Ottawa from 10 to 13 December 1990. Matters other than rate of return were considered by written submissions prior to the public hearing, with argument on these matters being presented at the hearing.

2. *Interprovincial Pipe Line Company, a division of Interhome Energy Inc. - Application for a Natural Gas Liquids Storage Facility - RH-3-90 and GHW-5-90*

Reasons for Decision dated February 1991, issued 24 April 1991.

The Board approved an application dated 30 April 1990 by Interprovincial proposing to construct underground facilities for natural gas liquids near Interprovincial's existing terminal in

Edmonton. The Board also determined that a stand-alone toll design will be applied to the facilities whereby all the costs will be borne by the specific users. In addition, the Board granted unapportioned access to the facilities for a group of nine prospective shippers who had asked Interprovincial to construct and operate the facilities.

The Board held a public hearing from 12 to 17 November 1990 in Edmonton to consider the question of the need for the batch accumulation and injection facilities, as well as the toll design and access issues related to the facilities.

The Board examined the facilities application by means of written submissions.

The proposed facilities, to be built adjacent to Interprovincial's Edmonton terminal, would include nine 350-metre sections of 2.032-metre underground pipe-type storage vessels, and related fill and pumpout lines.

The storage facilities would allow suppliers to accumulate natural gas liquids at the line rate and batch size needed for periodic injection into Interprovincial's pipeline system.

Construction was scheduled to start in April 1991 at an estimated cost of \$18 million.

The Board also conducted an environmental screening of the application (PO-1-GHW-5-90) and determined that the potentially adverse environmental effects and directly related social effects of the facility would be insignificant or mitigable with known technology.

3. *TransCanada PipeLines Limited - Gananoque Extension - GH-4-90*

Decision issued 18 March 1991 with Reasons for Decision to follow.

The Board declined to rescind its denial of an application by TransCanada to construct the proposed Gananoque Extension.

The proposed extension was a new pipeline extending 25.2 kilometres from TransCanada's mainline east of Kingston to a point on the international border near Wolfe Island on the St. Lawrence River. The pipeline was to transport natural gas to be exported by Western Gas Marketing Limited, as agent for TransCanada, to Niagara Mohawk Power Corporation in the state of New York, beginning 1 November 1991.

TransCanada estimated that the pipeline, to be constructed in 1991, would cost approximately \$29.6 million.

The application was considered at a hearing held in Kingston and Gananoque, Ontario between 10 September and 30 October 1990, for a total of 21 days.

Final argument on facility matters was conducted in writing. The Board considered the toll methodology to be applied to the project in a separate hearing, held on 26 and 27 November 1990. (Refer to item 4. below.)

The Board expects to issue its Reasons for Decision in June 1991.

4. *TransCanada PipeLines Limited - Gananoque Extension - Toll Methodology - RH-4-90*

The Board held a hearing on 26 and 27 November 1990 to determine the appropriate toll methodology to be applied to TransCanada's proposed Gananoque Extension.

On 18 March the Board declined to rescind its denial of TransCanada's application with respect to the

Gananoque facilities. The Board informed parties by letter dated 15 May 1991 that, as a result, a decision on the toll methodology is unnecessary.

5. Combined Hearing on TransCanada PipeLines Limited 1991/92 Facilities and Associated Gas Export Licences - GH-5-89

Reasons for Decision dated April 1991, issued 9 May 1991.

The Board approved an application dated 29 June 1989, as amended on 15 December 1989, by TransCanada to expand its pipeline system by 1 November 1991 and 1 November 1992 to serve expanding domestic and export markets.

The Board also approved 15 applications by various companies to export natural gas. However, in the case of Brymore Energy Ltd./Pawtucket Power Associates Limited Partnership, the Board issued a licence for a 15-year term rather than the requested 20-year term.

The Board denied applications by Indeck Gas Supply Corporation and Rochester Gas and Electric Corporation (for Unigas Corporation) requesting orders requiring TransCanada to receive, transport and deliver natural gas offered by the applicants and to provide adequate and suitable facilities to do so.

The applications were considered at a hearing held in Calgary, Alberta and

Ottawa, Ontario from 26 March to 13 December 1990, for a total of 96 days.

The facilities application included the construction of 1 592 kilometres of pipeline, the installation of 21 new compressor units and two new compressor stations. The 1 592 kilometres included one section of new pipeline, 4.5 kilometres long, at Iroquois, Ontario. The remaining portion consists of parallel pipeline along TransCanada's system in Saskatchewan, Manitoba and Ontario. The facilities are estimated to cost \$2.4 billion. In November 1990, the Board approved a portion of the facilities, specifically those that are required in order for TransCanada to serve,

The 15 export applications considered at the hearing are as follows:

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
<i>Exports at Emerson, Manitoba:</i>				
Kamine South Glens Falls Cogen Co., Inc./Beta South Glens Falls Inc.	.402	14.2	2.1	74
<i>Exports at Niagara Falls, Ontario:</i>				
Canadian Occidental Petroleum Ltd.	.433	15.3	2.4	84
Western Gas Marketing Limited	.283	10.0	1.6	55
FSC Resources Limited ¹	.453	16.0	2.5	88
<i>Exports at Iroquois, Ontario:</i>				
Pawtucket Power Associates ² Limited Partnership	.362	12.8	2.6	94
JMC Selkirk, Inc.	.651	23.0	3.7	130
ProGas Limited ³	.708	25.0	4.8	170
Esso Resources Canada Limited	.992	35.0	5.4	192
New England Power Company	1.700	60.0	9.3	328
<i>Exports at Chippawa, Ontario:</i>				
Enserch Development Corporation, on behalf of Encogen Four Partners Limited	.425	15.0	2.3	82

Applicants	Daily Quantities		Term Quantities	
	Million Cubic Metres	Million Cubic Feet	Billion Cubic Metres	Billion Cubic Feet
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Corinth)	.459	16.3	2.5	87
Indeck Gas Supply Corporation, by its agent Northstar Energy Corporation (Ilion) ^{1,4}	.210	7.5	0.8	30
Kamine Carthage Cogen Co. Inc./ Beta Carthage Inc.	.402	14.2	2.1	74
Fulton Cogeneration Associates	.354	12.5	1.4	50
Unigas Corporation ^{1,4}	.453	16.0	1.7	59

1. Requested export volumes did not form part of TransCanada's requirements.

2. The Board approved the export of 2 billion cubic metres (70 billion cubic feet) over 15 years, rather than the requested 20 years.

3. ProGas requested an amendment to an existing licence with no change in the term quantity.

4. Also filed applications for orders requiring TransCanada to transport the gas and to provide adequate facilities to transport the gas.

beginning 1 November 1991, its most assured requirements.

The Board also considered certain issues including the appropriate toll treatment of construction cost overruns, cost of facilities which may turn out to be underutilized, the appropriate toll treatment of the proposed facilities and the means by which the economic feasibility of the proposed facilities could be determined. The Board issued its decision on these matters in November 1990.

The Board also conducted an environmental screening of these applications and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

Hearing Decisions Pending

1. *Dartmouth Power Associates Limited Partnership - Natural Gas Export - GH-9-90*

The Board held a public hearing on 19 and 20 February 1991 in Ottawa,

Ontario to consider an application by Brymore Energy Ltd., as agent for Dartmouth Power, for a licence to export natural gas.

The application requested a licence to export 2.9 billion cubic metres (103.4 billion cubic feet) of natural gas near Iroquois, Ontario over a 20-year period beginning 1 November 1992. The gas would be used to fuel a new gas-fired independent power generating facility in Dartmouth, Massachusetts.

An environmental screening of the proposed export is being conducted by means of written submissions.

2. *North Canadian Oils Ltd. and Poco Petroleum Ltd. - Natural Gas Export - GH-7-90*

The Board held a hearing on 23 and 24 October 1990 in Vancouver, British Columbia on an application by North Canadian Oils and two applications by Poco for licences to export natural gas.

North Canadian Oils proposes to export up to 1 084 million cubic metres (38.3 billion cubic feet) of natural gas at Emerson, Manitoba over

a 15-year period beginning 1 January 1991. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In light of information received from North Canadian Oils concerning a possible change in supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on this application until all arrangements have been finalized. North Canadian Oils was directed to inform the Board when agreements have been reached with Ada and any other supplier to the Ada project, to file a copy of the agreement with the Board and to serve it on all interested parties. Following this, the Board will issue further directions on procedure. It is the Board's intention to reopen the hearing to consider this new information once all arrangements are in place.

Poco's first application requests a licence to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990

and ending 31 October 1999. The gas would be sold to Washington Natural Gas Company for system supply.

Poco's second application requests a licence to export up to 1 583 million cubic metres (56 billion cubic feet) of natural gas from Huntingdon, British Columbia over a nine-year period beginning 1 November 1990. The gas would be sold to IGI Resources, Inc. of Boise, Idaho to supply customers in the Pacific northwest area of the United States.

The Board is currently considering its decision with respect to Poco's applications.

The Board is also conducting an environmental screening of the applications by means of written submissions.

3. *Westcoast Energy Inc. - Adsett Pipeline Project - GH-6-90*

The Board held a public hearing from 16 to 18 April 1991 in Fort Nelson, British Columbia to consider an application by Westcoast to construct the Adsett Pipeline.

The proposal involves the construction of a 48-kilometre raw gas transmission pipeline from the Adsett gas field in northeastern British Columbia to Westcoast's Klua pipeline which extends to the Fort Nelson gas processing plant. The estimated cost of the facilities is \$8.3 million.

Initially, the proposed pipeline would enable Westcoast to provide firm transmission services to two shippers.

The Board conducted an environmental screening of the application, the results of which were issued on 4 April 1991. In the screening document, the Board indicated that it would assess, as part of the public hearing, the

environmental implications of the proposed pipeline, including the details of the Prophet River Indian Band's interests and the impact of the project on their interests.

On 11 April 1991, the Board received a notice of motion from the Prophet River Indian Band requesting the Board to review and rescind its findings on the environmental screening document. The Board decided on 13 May 1991 that it did not have the authority under the *Environmental Assessment and Review Process Guidelines Order* to review the findings of the screening document and denied the application for review.

4. *TransCanada PipeLines Limited - Blackhorse Pipeline Extension - GH-1-91*

The Board held a public hearing between 22 April and 6 May 1991 in Niagara Falls and Ottawa to consider an application dated 20 July 1989 by TransCanada to construct a pipeline known as the Blackhorse Extension.

The extension consists of 20.6 kilometres of pipeline and associated facilities for service beginning 1 November 1991. The pipeline would extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and is estimated to cost \$42.3 million. The extension would interconnect with the proposed Empire State Pipeline which would serve central and western New York State.

The Board conducted an environmental screening of the application by means of a written procedure separate from the hearing process.

5. *L&J Energy Systems, Inc. - Amend Licence GL-148 - GH-2-91*

The Board held a public hearing on 7 May 1991 in Ottawa on an

application dated 29 January 1991 from L&J Energy to amend its natural gas export Licence GL-148 so as to extend the termination date by three years and to increase the term quantity from 1 456 million cubic metres (51.4 billion cubic feet) to 1 816 million cubic metres (64.1 billion cubic feet).

In October 1990, the Board had issued Licence GL-148 to L&J Energy authorizing the export of 1 456 million cubic metres (51.4 billion cubic feet) of natural gas over a 12-year period. L&J Energy had requested approval to export 1 816 million cubic metres (64.1 billion cubic feet) over a 15-year period.

A decision is expected to be issued in June 1991.

Hearing in Progress

1. *TransCanada PipeLines Limited - Toll Application - RH-1-91*

The Board is holding a public hearing which commenced 14 May 1991 in Calgary, Alberta to consider an application by TransCanada for new tolls effective 1 January 1991.

The requested tolls average 17.5 percent higher than the tolls in effect during 1990.

The company also requested a 29.6-percent increase in its revenue requirement, from \$934 million to \$1,210 million, and an increase in its rate of return on common equity from 13.25 percent to 14.25 percent.

In late December 1990, the Board approved new tolls, effective 1 January 1991, that the company may charge on an interim basis, pending the Board's final decision on TransCanada's application.

Hearing Scheduled

1. *Various Applications for Gas Export Licences - GH-3-91*

The Board will hold a hearing, commencing on 25 June 1991 in Calgary on applications from various companies for licences to export natural gas.

The applications received are from:

Amoco Canada Petroleum Company Ltd.
Canadian Occidental Petroleum Ltd.
Mobil Oil Canada, Ltd.
North Canadian Marketing Inc. and East Georgia Cogeneration (Vermont) Limited Partnership
ProGas Limited
Shell Canada Limited
Unigas Corporation
Western Gas Marketing Limited
Western Gas Marketing Limited, as agent for Northern Minnesota Utilities, a Division of Utilicorp United Inc.

Amoco is requesting a licence to export 1 551 million cubic metres (54.8 billion cubic feet) to Northern States Power Company, Wisconsin from 1 November 1992 to 31 October 2002. Northern States Power serves markets in western Wisconsin and the upper peninsula of Michigan.

Canadian Occidental is requesting a licence to export 775.5 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2002.

Mobil is requesting a licence to export 2 057 million cubic metres (73 billion cubic feet) to Northern Natural Gas Company, a Division of Enron Corp. from the date of approval of the export to 31 October 2000. Northern Natural is an interstate pipeline company serving primarily local distribution companies in Illinois, Iowa, Michigan, Minnesota, South Dakota and Wisconsin.

North Canadian/East Georgia Cogeneration are requesting a licence to export 1 410 million cubic metres (50 billion cubic feet) of natural gas from 1 November 1992 to 31 October 2012. The gas will be used by East Georgia Cogeneration in a cogeneration plant to be constructed in East Georgia, Vermont.

Progas filed two applications for two licences to export natural gas to the United States. One application is for the export of 1 861 million cubic metres (66 billion cubic feet) to Lockport Energy Associates, L.P. from 1 November 1992 to 31 October 2007. The gas will be used by Lockport at a cogeneration facility to be constructed in Lockport, New York. The other application is for the export of 775 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2001.

Shell applied for two 15-year licences to export natural gas to the U.S. midwest from 1 November 1991 to 31 October 2006. The first licence requested is for the export of 3 181 million cubic metres (112.3 billion cubic feet) to Salmon Resources Ltd. for resale to Midwest Gas, A Division of Iowa Public Service Company. Midwest Gas is a natural gas utility serving customers in Minnesota, Iowa, South Dakota and Nebraska. The other licence requested is for the export of 1 014 million cubic metres (36 billion cubic feet) to Salmon Resources for resale to Enron Gas Marketing, Inc. The gas will be utilized in the U.S. midwest.

Western Gas Marketing filed an application for three licences to export natural gas to Northern Natural as follows:

- 1 346 million cubic metres (47.5 billion cubic feet) from 1 November 1991 to 31 October 2001 from Emerson, Manitoba;

- 850 million cubic metres (30 billion cubic feet) from 1 November 1991 to 31 March 1996 from Emerson, Manitoba; and
- 708 million cubic metres (25 billion cubic feet) from 1 November 1991 to 31 October 2001 from Monchy, Saskatchewan.

Western Gas Marketing also filed two other export applications for two additional licences to export natural gas to the United States. One application is for the export of 283 million cubic metres (10 billion cubic feet) to Northern Minnesota Utilities from 1 November 1991 to 1 May 2001. Northern Minnesota Utilities is a local distribution company serving 46 communities in northern Minnesota. The second application is for the export of 4 980 million cubic metres (176 billion cubic feet) to Vermont Gas Systems, Inc. from 1 November 1991 to 31 October 2006. Vermont Gas is a transmission and distribution company serving customers in northwestern Vermont.

Western Gas Marketing as agent for Northern Minnesota Utilities also applied to export 4 270 million cubic metres (151 billion cubic feet) to Northern Minnesota Utilities from 1 November 1991 to 31 October 2002. The gas will be exported at Sprague, Manitoba and some will be re-imported at Rainy River, Ontario then delivered to Fort Frances, Ontario for re-export. The gas will be delivered to customers in western Minnesota and to Boise Cascade at International Falls, Minnesota.

Unigas is requesting a licence to export 10 300 million cubic metres (365 billion cubic feet) of natural gas to Northern Natural from 1 November 1991 to 31 October 2001.

The Board is conducting an environmental screening of the proposed exports by means of written submissions.

Matters Considered by Written Submission

1. *Environmental Screening of Various Projects*

The Board is conducting or has conducted environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of various projects considered or to be considered at hearings to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

Natural gas exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90

All interested parties have provided written submissions to the Board, and Esso, Gulf and Shell have filed their reply. The Board is currently reviewing all the information provided as part of its environmental screening of the export proposal.

Ontario Hydro - Renewal of Export Authorizations - EW-3-90

Reasons for Decision dated April 1991, issued 14 May 1991.

The Board approved an application dated 10 October 1990 from Ontario Hydro requesting the renewal of five

export authorizations. The renewal will permit the utility to continue exporting interruptible, firm, and circulating electricity to The Consumers Power Company, The Detroit Edison Company, General Public Utilities, Minnesota Power, The New York Power Pool, Niagara Mohawk Power Corporation, the Power Authority of the State of New York, and the State of Vermont, in accordance with existing agreements.

After considering the submissions received from various interested parties, the Board decided to issue five permits. Four permits were issued with the terms requested by Ontario Hydro. The fifth, authorizing exports of interruptible energy, was granted for three years rather than the 15 years requested by the utility.

Under the permits issued, Ontario Hydro will be able to make the following exports:

- up to 15 000 gigawatt hours of interruptible energy (of which no more than 10 000 gigawatt hours may be generated by fossil-fired facilities) in any 12-month period to Consumers Power, Detroit Edison, Niagara Mohawk, Power Authority of the State of New York, New York Power Pool, Minnesota Power and Light, and

General Public Utilities between 1 July 1991 and 30 June 1994;

- up to 10 000 gigawatt hours of circulating power and energy in any consecutive 12-month period between 1 January 1996 and 31 December 2025 for simultaneous return to Canada;
- up to 112 megawatts of firm power and 1 320 gigawatt hours of firm energy to the State of Vermont between 1 July 1991 and 31 October 1992.
- up to 3 megawatts of firm power and associated energy to the Power Authority of the State of New York as a border accommodation between 1 July 1991 and 30 June 2021;
- up to 100 kilowatts of firm power and associated energy as a border accommodation between 15 May 1991 and 14 May 2021.

The Board determined that the findings set out in its Reasons for Decision applied as well to its environmental screening of the application. The Board found that any potential environmental effects and directly related social effects of the proposed exports would be mitigable to within prescribed standards with known technology.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under review.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of Eastern Leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Review		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing, Inc.	8 April 1990	Export and import of natural gas
8. Washington Water Power Company	30 November 1990	Export of natural gas
9. Southern California Edison Company and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.	30 January 1991	Export of natural gas
10. Southern California Edison Company and Esso Resources Canada Limited	30 January 1991	Export of natural gas

Company	Date of Application	Description
11. Southern California Edison Company and Shell Canada Limited	31 January 1991	Export of natural gas
12. Southern California Edison Company and Western Gas Marketing Limited	30 January 1991	Export of natural gas
13. Manitoba Hydro/Northern States Power and United Power Association	14 March 1991	Export of electricity
14. Canadian-Montana Pipe Line Company	21 March 1991	Export of natural gas
15. British Columbia Hydro and Power Authority/British Columbia Power Exchange Corporation	29 April 1991	Export of electricity

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments.

Since the 1 March 1991 issue of the Agenda, the following major matters have been considered by the Board.

Reviews

1. *Alberta Natural Gas Company Ltd - Monthly Cost of Service*

As a result of reviewing the Alberta Natural Gas 1989 surveillance report for the quarter ended 30 September

1989 and the 1990 financial and throughput forecast, the Board directed the company on 21 December 1989 to modify its calculation of monthly cost of service for tariff and billing purposes.

On 14 February 1990, Alberta Natural Gas applied for a review of the Board's decision, specifically, the section which required the company to use the actual average corporate cost rate of debt for billing purposes.

The Board decided on 22 March 1990 to conduct a review and established the due dates for the receipt of submissions from Alberta Natural Gas and interested parties.

On 5 July 1990, the Board issued its decision on this matter re-affirming its

directive of 21 December 1989 that the actual corporate cost rate of debt be used to determine interest costs for billing purposes. The Board also decided that the imputed debt structure of Alberta Natural Gas's regulated pipeline should be a combination of both long- and short-term borrowings, in keeping with the normal practice of utility financing. The Board then decided to present, for comment by interested parties, a proposal to subdivide the 65-percent utility debt component into long-term and short-term components of 60 percent and 5 percent, respectively.

The Board set 31 August 1990 as the date for interested parties to file comments on the Board's proposal concerning the debt portion of Alberta Natural Gas's capital structure.

On 30 August 1990, Alberta Natural Gas filed further comments, reiterating its view that the entire deemed debt components should be considered to be long-term in nature. The Canadian Petroleum Association filed its comments on 25 September 1990, agreeing that the entire debt component should be considered as long-term but disagreeing as to the appropriate cost rate. Reply comments from Alberta Natural Gas were received on 25 October 1990.

The Board accepted on 1 March 1991 Alberta Natural Gas' position that the entire deemed debt component should be considered to be long term. However, the Board found that the requested cost rate of 12 percent was high given current projections of interest rates for 1991 and approved a cost rate of 11.5 percent for the entire amount of the deemed debt.

2. *TransCanada PipeLines Limited - St. Mathieu Facilities*

On 12 December 1990, TransCanada applied for a review and reversal of the Board's decision of 29 December 1989 denying TransCanada's request for an extension of the commencement date for construction of the St. Mathieu facilities. The facilities are two pipeline loops totalling 8.4 kilometres in length on the St. Mathieu Extension in the province of Quebec. The Board denied the December 1989 application because the facilities were required to accommodate an export that the Board had previously denied in a proceeding held under GH-1-89, thereby, obviating the need for the facilities. Subsequently, the Board, as a result of changed circumstances, approved the licence application it had previously denied (GH-1-90).

On 31 January 1991, the Board sent a letter to TransCanada requesting

additional information on the application for review and reversal. TransCanada provided the requested information in February.

The Board approved the application on 16 May 1991 and granted the requested extension of the commencement date for construction of the St. Mathieu facilities.

3. *Canadian Petroleum Association Review of Licence GL-111*

In an application dated 29 May 1991, the Canadian Petroleum Association requested that the Board review its decision in GH-5-88 with respect to the issuance of gas export Licence GL-111 issued to Alberta and Southern Gas Co. Ltd. Specifically, the CPA requested that, as a result of its review, the Board confirm the basis upon which the Board made its decision; declare that the Public Utilities Commission of the State of California (CPUC) has acted in a manner contrary to Canadian and American energy policy, the Market-Based Procedure, the GH-5-88 decision and the Free Trade Agreement; and declare the basis upon which current and future decisions on gas exports and export pipeline construction related to the Pacific Gas Transmission system will be based.

In its application, the CPA states that current actions by the CPUC to implement capacity brokering on the PGT pipeline system is inconsistent with the Board's decision in GH-5-88 "since it would abrogate the freely negotiated contractual undertakings upon which the GH-5-88 decision was based, would be contrary to the evidence that was relied on by the Board in reaching its decision, and would be inconsistent with the principles of Canadian and United States energy policy which formed the basis of this decision".

Appeals

1. *Western Gas Marketing Limited, as agent for TransCanada PipeLines Limited, Indeck Gas Supply Corporation, Niagara Mohawk Power Corporation and Shell Canada Limited (GH-1-89)*

On 20 November 1989, the Board issued its decision in respect of GH-1-89 in which it denied four applications for gas export licences. The Board's Reasons for Decision were issued on 21 December 1989.

Western Gas Marketing, Indeck Gas, Niagara Mohawk and Shell all filed applications with the Federal Court of Appeal for leave to appeal the Board's decision to deny the applications to export.

Export licences with respect to the four export proposals referred to above have now been issued by the Board and approved by the Governor in Council. Accordingly, the parties have discontinued their appeals.

2. *Hydro-Québec, le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal are that the Board exceeded its jurisdiction when it made the licences subject to conditions that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply the authorized exports, for which construction had not yet been authorized at the time of completion of the hearing, will have been subjected,

prior to its construction, to the appropriate environmental assessment and review procedures as well as to the applicable environmental standards and guidelines in accordance with federal government laws and regulations. Hydro-Québec argues that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to federal regulation. The appellant further holds that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argues that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council is of the view that the Board had to apply paragraph 118(b) of the Act as it read before the coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application of le Procureur général du Québec for leave to appeal. In addition to the grounds already raised by Hydro-Québec, le Procureur général also argues that the EARP Guidelines Order does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

On 28 November 1990, the Federal Court of Appeal granted the applications of all three appellants for leave to appeal.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

The appeals are scheduled to be heard in Montreal, Quebec, on 10 June 1991.

3. *Treaty 8 Tribal Association and the Doig River Indian Band*

On 10 January 1991, the Tribal Association and the Indian Band filed a notice of motion with the Federal Court of Appeal for leave to appeal the Board's decision of 6 December 1990 to approve an application by Canadian Hunter Exploration Ltd. to construct three 1 363-metre long segments of interprovincial pipeline.

The first ground for appeal was that the Board had denied the two groups procedural fairness by not seeking their reply to Canadian Hunter's 6 November 1990 reply to the comments previously made by the Tribal Association and the Indian Band. The second ground of appeal is that the Board failed to provide a full hearing to the Applicants whose constitutionally protected treaty rights constituting proprietary interests could not be affected without a hearing.

On 2 May 1991, the Federal Court of Appeal granted the Tribal Association and the Indian Band leave to appeal the Board's 6 December 1990 decision.

4. *Trans-Northern Pipelines Inc. - Relocation of Pipeline at St. Eustache Mall*

In March 1991, Trans-Northern filed a notice of motion with the Federal Court of Appeal for leave to appeal the Board's decision of 11 February 1991, in which the Board affirmed Order MO-22-89 of 21 December 1989, which ordered Trans-Northern to relocate a section of pipeline located under the St. Eustache Mall.

Trans-Northern sought the determination of two issues should leave be granted by the Federal Court of Appeal. The issues were:

- i) whether the Board had jurisdiction under subsection 48(1) of the *National Energy Board Act* to order the relocation of a pipeline; and
- ii) whether the Board erred in law or exceeded its jurisdiction in that there was no evidence before it indicating a material change in facts or circumstances since the time the Board approved the original crossing order in 1967.

On 16 May 1991, the Federal Court of Appeal heard the motion orally. On the same day, the Court dismissed Trans-Northern's application for leave to appeal the Board's decision.

5. *TransCanada PipeLines Limited/ Western Gas Marketing Limited and Niagara Mohawk - Gananoque Extension*

On 12 April 1991, Niagara Mohawk and TransCanada filed a notice of motion with the Federal Court of Appeal pursuant to which they seek an order granting them leave to file an application for leave to appeal 30 days following the release of the Board's reasons for decision in GH-4-90.

Niagara Mohawk and TransCanada have made this motion to preserve their rights of appeal. In the absence of the order sought, it is arguable that the 30-day limitation period provided for in subsection 22(1.1) of the Act would have expired 30 days following the release on 18 March 1991 of the Board's GH-4-90 decision with reasons to follow.

Gas Matters

1. *Alberta Northeast Gas Export Project - Licences GL-102, 103, 104 and 105*

On 12 March 1990 the following three joint applications requesting orders to vary gas export licences GL-102, GL-103, GL-104 and GL-105 were filed:

a) GL-102:
Alberta Northeast Gas, Limited
(ANE) and Western Gas Marketing
Limited;

b) GL-103:
ANE and ProGas Limited; and

c) GL-104/GL-105:
ANE, ATCOR Ltd. and AEC Oil
and Gas Company, a Division of
Alberta Energy Company Ltd.

The Board had issued the above-noted
licences in March 1987 authorizing
exports via Iroquois, Ontario to 18
local distribution companies in the
northeastern United States.

The applicants applied for amendments
to the daily and annual volumes, but
not the term volumes, so as to provide
for a phase-in of the Iroquois volumes
for the first year of the licence, a
corresponding extension of the licence
term to reflect deferred phase-in
volumes and a forward shift of the
licence term to coincide with the
in-service date of 1 November 1991 of
the Iroquois Gas Transmission System
(the proposed pipeline which will
transport the volumes in the United
States).

In the case of Licences GL-104 and
GL-105, amendments were also
requested so as to incorporate the
terms of a Backstop Agreement dated
7 November 1986 between ATCOR
and AEC under which ATCOR or
AEC may, in accordance with the
terms and conditions of the Backstop
Agreement, transfer portions of AEC's
gas supply rights to ATCOR, and
ATCOR may export those quantities of
natural gas under Licence GL-104,
with offsetting reductions applying to
Licence GL-105.

On 10 January 1991, the Board
approved the amendments regarding
the terms and volumes of the four gas
export licences. The Board denied the
proposed amendments to Licences

GL-104 and GL-105 to incorporate the
terms of the AEC/ATCOR Backstop
Agreement.

The amending orders to the licences
were approved by the Governor in
Council on 25 April 1991.

2. *ICG Transmission Holdings Ltd.
(now Centra Transmission Holdings
Inc.), Northern Minnesota Utilities,
and ICG Utilities (Ontario) Ltd. (now
Centra Gas Ontario Inc.) - Assign
and Amend Licences GL-28, GL-29
and GL-30*

The above-noted three companies, in a
joint application dated 26 April 1990,
applied to:

- assign Licence GL-28 from Centra
Transmission to Northern
Minnesota;
- assign Licence GL-29 from Centra
Transmission to Northern
Minnesota and add Sprague,
Manitoba as an export point and
Rainy River, Ontario as an import
point. This request will not result
in any increase in the volume
presently authorized under the
licence; and
- assign Licence GL-30 from Centra
Transmission to Centra Gas
Ontario and decrease the volume
by the same amount as the volume
authorized for export at Sprague
and re-import at Rainy River under
Licence GL-29.

Minnesota Pipelines requested the
changes in the licences because it had
applied to the Federal Energy
Regulatory Commission to unbundle
its services. FERC approved the
application on 4 October 1990 and as a
result Minnesota Pipelines will no
longer be a buyer and seller of gas but
solely a transporter of gas. In
conjunction with Minnesota Pipelines'
unbundling of its services, Centra
Transmission will also unbundle its
services and become solely a
transporter of gas.

As a result of unbundling, revised
export authorizations are required from
the Board in order to reflect the new
contractual arrangements and to
continue the flow of natural gas to
customers.

The application is currently under
review.

3. *The City of Warroad - Application
for an Export Order*

(Refer to item 2 above.)

In light of Minnesota Pipelines'
unbundling of its services, the City of
Warroad, Minnesota applied to the
Board for an order to export 30 000
cubic metres (1 million cubic feet) per
day of natural gas for a 20-year period.

Currently Warroad purchases gas from
Minnesota Pipelines under Licence
GL-28. As a result of FERC's approval
of the application of Minnesota
Pipelines to unbundle its services,
Minnesota Pipelines is no longer a
buyer and seller of gas to Warroad, but
solely a transporter. Warroad intends
to purchase gas from Western Gas
Marketing Limited.

The application is currently under
review.

4. *Shell Canada Limited - Amend
Licence GL-120*

Shell Canada applied on 22 June 1990
to amend its gas export Licence
GL-120 to remove certain conditions
from the licence. The conditions link
the term volume of the exports under
this licence to the term volume of the
exports under Licence GL-119.

The Board approved the application on
6 December 1990. The amending order
to the licence received Governor in
Council approval on 21 March 1991.

5. *Shell Canada Limited - Gas Purchase Agreement and Amendment to Licence GL-100*

On 21 December 1989, Shell applied for approval of an executed Gas Purchase Agreement with Granite State Gas Transmission, Inc. with respect to exports under Licence GL-100.

The Agreement supersedes a Precedent Gas Purchase Agreement dated 27 July 1989 as well as a Precedent Gas Agreement dated 25 September 1986 associated with export authorizations at Niagara Falls, Ontario.

Shell also applied to amend Licence GL-100 to change the export point from Niagara Falls to Iroquois, Ontario.

On 29 November 1990, the Board approved the Gas Purchase Agreement. On 6 December 1990, the Board approved the amendment to the licence. Governor in Council approved the amending order to the licence on 11 April 1991.

6. *Western Gas Marketing Limited - Amend Licence GL-122*

Western Gas Marketing applied on 17 January 1991 to amend Licence GL-122 by removing certain conditions from the licence concerning reporting requirements related to volumes exported to Consumers Power Company and Midland Cogeneration Venture Limited Partnership.

The Board approved the application on 7 February 1991. The amending order to the licence is awaiting Governor in Council approval.

7. *CanStates Gas Marketing - Assign Licence GL-137 to 375660 Alberta Ltd.*

By letter dated 20 February 1991, CanStates requested the Board to transfer its Licence GL-137, which is

held jointly with Transco Energy Marketing Company, from

GasTrade Inc., Polysar Hydrocarbons Limited and ANG Resource Marketing Ltd., carrying on business together in partnership as CanStates Gas Marketing, and Transco Energy Marketing Company

to

GasTrade Inc., 375660 Alberta Ltd. and ANG Resource Marketing Ltd., carrying on business together in partnership as CanStates Gas Marketing, and Transco Energy Marketing Company.

The change was required because Polysar transferred its interest in CanStates Energy to 375660 Alberta.

The application is under review by the Board.

8. *Alberta Northeast Gas Limited - Approval of Executed Gas Sales Agreements - GL-102, -103, -104 and -105*

On 15 May 1991, Alberta Northeast Gas requested the Board to approve 51 gas export sales contracts related to the Alberta Northeast Project. The project involves the export of natural gas to the northeastern United States under Licences GL-102, -103, -104 and -105, issued jointly to Alberta Northeast Gas with each of its four suppliers, TransCanada PipeLines Limited, PrGas Limited, ATCOR Limited and AEC Oil and Gas Company.

Approval of the export contracts represented the last major regulatory approval to be obtained before the project could proceed.

The Board approved the application on 30 May 1991.

Pipeline Matters

1. *Alberta Natural Gas Company Ltd - Application for Additional and Modified Compression Facilities*

Alberta Natural Gas filed an application on 31 May 1990 to construct additional compression facilities and to modify certain existing compression facilities at its three compressor stations in British Columbia in 1993. The estimated cost of the facilities is \$81.8 million.

The Board noted that Foothills Pipe Lines Ltd. had filed a related submission dated 31 May 1990 with the Northern Pipeline Agency, on behalf of Foothills Pipe Lines (South B.C.) Ltd., concerning the construction of 77.6 kilometres of additional pipeline sections between existing sections of its pipeline in British Columbia at an estimated cost of \$104.7 million.

The Board and the Agency, noting that the facilities owned by Foothills were integrated with those owned by Alberta Natural Gas, decided to implement a joint Board-Agency information gathering process where such information may have an impact on the decisions made independently by the two organizations. The Board also decided that interested parties will be given an opportunity to comment on the Alberta Natural Gas application. The Board will decide at a later date on the procedures for comments.

Related to these applications, Altamont Gas Transmission Company filed an objection on 31 July 1990 with the Board and with the Agency to the process by which separate applications had been made by Alberta Natural Gas and Foothills to the Board and the Agency.

On 11 September 1990, the Board and the Agency initiated a public review process.

In separate decisions, the Board and the Agency found on 14 February 1991 that the Agency did have jurisdiction to consider the proposed expansion facilities and that the applications by Foothills for design approval were properly before the Agency.

2. *Foothills Pipe Lines Limited - Amendment of Condition 12*

In a letter dated 28 February 1991 addressed jointly to the Board and the Northern Pipeline Agency's Designated Officer, Foothills requested that Condition 12 of the *Northern Pipeline Act* be amended in order to permit it to proceed with the construction of additional facilities south of Caroline, Alberta, without having to demonstrate that financing is obtainable or has been obtained for the construction of the northern sections.

The Board requested interested parties to provide comments on the application and Foothills to provide reply comments by 12 April 1991.

The application was approved by the Board on 13 May 1991, subject to Governor in Council approval.

3. *Amerada Hess Canada Ltd. - Pipeline Construction*

On 18 December 1990, Amerada applied for approval to construct a 22.5-kilometre gas pipeline from its Boundary Lake gas processing facility in British Columbia to the NOVA Corporation of Alberta Ole receipt point in Alberta. The pipeline would have a capacity of 1.3 million cubic metres (46 million cubic feet) per day. The cost of the proposed pipeline is estimated at about \$3.1 million.

The application was approved by the Board on 18 February 1991.

The Board conducted an environmental screening of the application and found that the potential adverse environmental effects and

directly related social effects of the project would be insignificant or mitigable with known technology.

4. *Sumas Energy Inc. - Pipeline Construction*

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

The application is currently on hold pending the receipt of further information from the company.

5. *Canadian Hunter Exploration Ltd. - Hiding Creek Pipeline*

Canadian Hunter applied on 15 April 1991 to construct a 3.75-kilometre natural gas pipeline. The pipeline would connect a Canadian Hunter natural gas well in British Columbia to the Elmworth gas gathering system and processing plant in Alberta. The estimated cost of the project is \$620 000.

The application is currently under review.

The Board is also conducting an environmental screening of the project.

6. *Husky Border Pipelines Ltd. Husky Border Pipeline*

On 16 January 1991, Husky Border applied to the Board to construct four oil pipelines. Each pipeline would be 10.5 kilometres long and would run from Husky Oil's refinery and pipeline terminal in Lloydminster, Alberta, to

the Bi-Provincial Upgrader's storage tanks in Lloydminster, Saskatchewan. The project also includes a pump and meter station which would be located adjacent to the Upgrader. The project is estimated to cost \$7.6 million.

The Board approved the application on 23 May 1991.

The Board also conducted an environmental screening of the application and determined that the potentially adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

7. *Westcoast Energy Inc. - Fort Nelson Mainline Looping*

On 13 December 1990, Westcoast applied for approval to construct 31.5 kilometres of pipeline loop at two locations on the Fort Nelson Mainline. The facilities would increase the contractible capacity of the Fort Nelson Mainline from 24.3 to 27.5 million cubic metres per day. The estimated cost of the pipeline loop is \$34.3 million.

The Board decided on 20 December 1990 to seek the views of interested parties on the application.

On 11 February 1991, Westcoast amended its application so as to increase the length of the pipeline loop by 7.8 kilometres. The amended facilities would increase contractible capacity and the estimated cost from the original application by .7 million cubic metres per day and \$7.4 million, respectively.

On 28 January 1991, the Board sought the views of interested parties on the amended application.

The Board approved the application on 28 March 1991.

The Board also conducted an environmental screening of the project and found that any potential adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

8. Westcoast Energy Inc. - Southern Mainline Looping

On 3 April 1991, Westcoast applied for approval to construct 37.5 kilometres of pipeline loop at three locations on the southern mainline. The facilities would increase the capacity of the mainline from 43.4 to 46 million cubic metres per day. The estimated cost of the pipeline loop is \$52.5 million.

The Board decided on 30 April 1991 to seek the views of interested parties on the application. Comments from interested parties were due on 20 May 1991 and Westcoast's response was due 23 May 1991.

The comments received and Westcoast's response are under review.

9. Westcoast Energy Inc. - Deactivation of West Blueberry and East Kotcho Pipelines

On 12 April 1991, Westcoast applied for approval to deactivate its East Kotcho and West Blueberry pipelines.

The application was approved on 24 April 1991.

10. Saskatchewan Power - Transfer of Assets to Many Islands

On 30 October 1990, SaskPower filed an application on behalf of itself, Saskatchewan Energy Corporation and Many Islands Pipe Lines (Canada) Limited for leave to sell its Sibbald to Hoosier pipeline, located in Saskatchewan and Alberta, to Many Islands.

The Board approved the application on 11 April 1991.

11. Westcoast Energy Inc. - Purchase of Petro-Canada Plant

On 11 January 1991, Westcoast requested the Board to approve the purchase of a natural gas liquids processing plant and associated pipeline assets near Taylor, B.C., from Petro-Canada Inc.

Purchase of the facilities would eliminate the need to construct certain processing facilities, which the Board had previously approved as part of Westcoast's McMahon Plant Expansion Project.

The Board received letters of comment on the application from the Canadian Petroleum Association and from

citizens concerned with the closure of Petro-Canada's refinery. It also received requests from the mayor of Fort St. John and from a Member of the British Columbia Legislative Assembly, that the Board hold a public hearing on Westcoast's application.

The Board responded to the concerns raised by the citizens on 7 March and to the CPA's letter on 21 February 1991. The Board denied the request by the mayor and MLA in letters dated 11 February and 14 March 1991, explaining that it had no jurisdiction over the closure of Petro-Canada's refinery.

The Board approved Westcoast's application on 14 March 1991.

12. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities.

The following lists the companies, the approximate value of the approved projects and the date of approval.

Foothills Pipe Lines Limited	\$3.9 million	1 March 1991
Trans-Northern Pipelines Inc.	\$4.4 million	14 March 1991
Interprovincial Pipe Line Company	\$2.3 million	28 March 1991
Interprovincial Pipe Line Company	\$9.3 million	18 April 1991
Interprovincial Pipe Line Company	\$13.7 million	18 April 1991
Trans Mountain Pipe Line Company Ltd.	\$126 000	2 May 1991
Westcoast Energy Inc.	\$6.2 million	2 May 1991
TransCanada PipeLines Limited	\$2.9 million	16 May 1991
TransCanada PipeLines Limited	\$630 000	16 May 1991

13. Documentation Audit Reports

The Board has adopted Documentation Audit Reports for compliance with the *Onshore Pipeline Regulations* for the following companies:

Trans Mountain Pipe Line Company Ltd.	1 March 1991
Alberta Natural Gas Ltd.	21 March 1991
Trans Québec & Maritimes Pipeline Inc.	28 March 1991
ouce Coupé Pipeline Inc.	18 April 1991
BP Resources	25 April 1991
Mont Resources	25 April 1991
Wascana Pipe Line Ltd.	2 May 1991
Montreal Pipe Line Limited	16 May 1991

The Documentation Audit Reports are available from the Board upon request.

Traffic and Toll Matters

1. Alberta Natural Gas Company Ltd - Review of Tariff

On 3 August 1989, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff.

Alberta Natural Gas filed its tariff with the Board on 11 April 1990 and revised it on 30 May.

On 13 September 1990, Alberta Natural Gas requested that the Board include, as part of its tariff review process, consideration of the 18 prospective shippers on the planned expansion of the company's system.

On 6 December 1990, Alberta Natural Gas filed a revised proposed uniform tariff. The Board gave shippers until 13 December 1990 and the company until 20 December 1990 to file comments.

By letter dated 28 March 1991, the Board approved the format of the proposed tariff, with modifications, and directed Alberta Natural Gas to complete its tariff in the approved format, to complete the section on tolls, and to file the tariff with the Board by 1 June 1991 for final approval. On 30 May, Alberta Natural Gas requested the Board to extend the 1 June deadline to 28 June 1991.

2. Trans-Northern Pipelines Inc. - Class 2 Toll Adjustment

Trans-Northern submitted an application dated 26 February 1991 for approval to increase the tolls it may charge for the transportation of refined petroleum products by 11.4 percent.

The company also requested that its existing tolls be made interim effective 1 March 1991 until the Board renders a decision on the application. The Board approved the company's request for interim tolls on 28 March 1991.

The application for new tolls is being considered by written submissions. Interested parties had until 6 May to file their comments and Trans-Northern's reply comments were due 15 May.

The application and comments are currently under review.

3. Foothills Pipe Lines Limited - Interruptible Tolls for Zone 9

Foothills filed an application dated 29 January 1991 for a decrease in the interruptible tolls it may charge for the transportation of natural gas in Saskatchewan (Zone 9), effective 1 April 1991 to 31 March 1992.

The Board approved new tolls on 28 March 1991. The new tolls for Tier 1 and Tier 2 service both average 5.6 percent lower than the tolls previously in effect.

4. Centra Transmission Holdings Ltd. - Tariff Filing

Centra (formerly ICG Transmission Holdings Ltd.) filed a new tariff on 30 January 1991, to become effective 15 February 1991. The company stated the tariff revision results from a \$1.2 million increase in the cost of service as a result of its 1990 system expansion to serve a new cogeneration plant at Fort Frances.

The Board received letters dated 6 February and 19 March 1991 from the Corporation of the Town of Fort Frances requesting a suspension of Centra's toll increase.

The Board denied the request from the Town on 4 April 1991, stating that, in its view, the Town's letters of

6 February and 19 March do not constitute a formal complaint.

On 29 April, the Town filed a complaint, which is under review.

5. Westcoast Energy Inc. - Hossitl Demand Toll Surcharge

On 30 April 1991, Unocal Canada Limited applied to the Board for a review of the surcharge currently applicable to the Hossitl Raw Gas Transmission facilities. Unocal is requesting a one-time adjustment to the surcharge if B.C. Gas does not exercise its right to convert all of its Sales Operating Demand Contracts to Service Demand Contracts at the Fort Nelson Processing Plant by 1 May 1991.

Unocal states that the failure by B.C. Gas to exercise its full capacity entitlement will result in an excessive surcharge being applied to the Hossitl Pipeline.

The application is under review.

Electric Power Matters

1. Hydro-Québec - Amalgamation of Border Accommodation Exports

On 1 February 1991, Hydro-Québec requested that all its border accommodation exports be authorized by means of a single export permit and the existing export orders be revoked. The requested permit would be effective for a period of 30 years and would replace Orders ELO-230 to -237 and Permits EPE-4 to -6.

The Board approved Hydro-Québec's application on 21 March 1991.

2. Detroit and Windsor Subway Company - Border Accommodation

On 12 March 1991, Detroit and Canada Tunnel Corporation, on behalf of the Detroit and Windsor Subway Company, requested a permit to continue exporting firm electricity, as a

border accommodation for a 30-year period commencing 1 December 1991.

The Board approved the application on 16 May 1991.

3. *Hydro-Québec - Amendment to Licence EL-169*

Hydro-Québec requested the Board on 19 March 1991 to approve an amendment to Licence EL-169 in order to include an interconnection agreement dated 25 January 1988 with Citizens Utilities Company of Vermont and to allow exports under that licence to take place over any authorized international power line.

The Board approved the application on 18 April 1991. The amendment to the licence requires the approval of the Governor in Council.

4. *Hydro-Québec - Amendment of Contract Supporting Licences EL-179 to EL-184*

On 23 April, Hydro-Québec requested the Board to approve an amendment to its contract with Vermont Joint Owners. The contract supports Licences EL-179 to EL-184, which authorize Hydro-Québec to export up to 450 megawatts of firm power to Vermont between 1 November 1990 and 31 October 2020. The amendment would postpone from 30 April to 1 December 1991 the deadline by which either party may terminate the contract without liability to the other party.

The Board approved the amendment on 25 April 1991.

5. *Manitoba Hydro - Approval of Electricity Export Sales Pursuant to Licence EL-102.*

By letters dated 28 February, 12 March, and 2, 17 and 24 April 1991, Manitoba Hydro requested approval, pursuant to the conditions of Licence EL-102 of firm summer sales of 50 and 75 megawatts of power and

associated energy during the years 1991 and 1992, respectively, to Otter Tail Power Company, and of firm summer sales of 200 megawatts of power and associated energy during the year 1991 to Northern States Power Company.

The Board approved the firm sales to Otter Tail on 25 April 1991 and the firm sales to Northern States Power on 30 April 1991.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review interprovincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater interprovincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks: the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff has made considerable progress in assembling background information (including the results of a utility questionnaire) of a technical and historical nature and a panel of three Board Members has now been appointed to oversee completion of the Review.

The next stage will be to hold technical consultation with the electric utilities, provincial authorities and the Canadian Electrical Association. Technical consultations with Quebec and Ontario were held on 21 and 23 May respectively. Four papers on aspects of the study were presented to the Canadian Electrical Association Centennial Conference on 9, 14 and 15 May.

Study on the Use of Interprovincial Pipe Line Limited's Sarnia-Montreal Pipeline

The Board received a request from the Minister of Energy, Mines and Resources to conduct a study on the continued operation of the Sarnia-Montreal pipeline. The pipeline transports western Canadian crude oil to refineries in Montreal. In his letter, the Minister said that a diminishing supply of light western Canadian crude oil, more economic foreign crude supply opportunities for Montreal refiners, and long transit times to move oil from Sarnia to Montreal have all contributed to uncertainty about the use of the pipeline.

As a result, the Minister asked the Board to advise him on the implications of such matters as maintaining the line in operation, shutting down the line, or reversing the flow of oil from east to west.

In carrying out its study, the Board was requested to consider the following:

- Canadian crude oil supply and demand projections;
- supply options for eastern Canadian refiners, including security of supply implications;
- impact of closure on markets and prices of Canadian crude oil, including heavy crude exports;
- supply and economic aspects of a potential reversal or bi-directional flow operation of the pipeline;
- options open to industry and government to maintain prolonged west-to-east use of the line and their implications, costs and benefits; and
- environmental implications that may result from changes to the current operation of the line.

In conducting its study, the Board received submissions from 25 interested parties, including the provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Alberta and Saskatchewan. The Board also held consultations with 16 submitters.

The report was submitted to the Minister in late April.

Canadian Energy Supply and Demand

The Board last published its projections of Canadian energy supply and demand in a report entitled *Canadian Energy Supply and Demand 1987-2005*, dated September 1988.

Board staff are currently updating the projections, separate from any of the Board's current or anticipated regulatory proceedings.

An information package describing preliminary projections of energy supply and demand and of associated emissions of certain gases was made available during November 1990 for comment by interested parties. The comments received are available for viewing in the Board's Library in Ottawa and at its Calgary office.

Following the review of interested parties' comments on these preliminary projections, Board staff will prepare revised projections which are intended to be published in the summer.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore

oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest editions of the CSA pipeline standards into the Regulations. The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, *CAN/CSA-Z187-M87, Offshore Pipelines*, forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the *Canada Gazette* on 20 April 1991. Comments on the proposed regulations were due by 20 May 1991. No comments were received.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes

suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the *Part VI Regulations* noted above.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft

International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new *Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination, and the Governor in Council for approval.

6. *Cost Recovery Regulations*

NEB Cost Recovery Regulations were approved and made effective 1 January 1991.

As of 1 January 1991, total costs of operating the Board will be recovered from regulated companies rather than being paid out of general government revenues. The costs of operating that portion of the Board that was transferred from the Canadian Oil and Gas Lands Administration in April 1991 will continue to be paid out of general government revenues.

The first meeting of the Joint NEB/Industry Liaison Committee was held on 5 February 1991. The Committee consists of representatives of the Board, the Canadian Petroleum Association, the Canadian Gas Association, the Independent Petroleum Association of Canada, the Industrial Gas Users Association, the Canadian Electrical Association, the Council of Forest Industries, Group 1 gas and oil pipeline companies and distribution companies. As a result of the meeting, the Board will be considering changes in the following areas:

1. The NEB will look into the situation whereby cost recovery charges are based on NEB estimated expenditures where the NEB may eventually spend less than is estimated. Under the current method, any excess funds collected would be used to reduce the next year's cost recovery charge, resulting in a one-year lag in reimbursing the industry.
2. The NEB agreed: 1) subject to confidentiality rules applicable to documents submitted to Cabinet, to release additional information explaining how the current cost recovery methodology was derived, [e.g., why costs are allocated on the basis of pipeline deliveries] and 2) to release information produced by the Board's staff Time Reporting System.
3. The Canadian Electrical Association representative agreed to bring certain methodology issues to the Association for discussion. These include: whether to calculate cost recovery charges for electricity exporters using three-year rolling average for export sales, and to reconsider the recovery methodology for medium-size electricity exporters. He will report back to the Committee at its next meeting.

Oil and gas representatives want to review the rationale for the existing methodology before deciding whether specific changes are required.

Parties who are interested in these issues should contact their representatives on the Committee or the Secretary of the Board directly.

The next meeting of the Committee is tentatively scheduled for the first week of June.

7. *Regulations Pertaining to Frontier Oil and Gas Activities*

On 2 April 1991, approximately 50 staff members from the Canadian Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for, and the development and production of, oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Oil and Gas Production and Conservation Act*, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations

Canada Oil and Gas Operations Regulations

Canada Oil and Gas Diving Regulations

Canada Oil and Gas Production and Conservation Regulations

*Canada Oil and Gas Spills and Debris
Liability Regulations*

**Regulations Being Reviewed by
Department of Justice**

*Canada Oil and Gas Geophysical
Regulations*

*Canada Oil and Gas Diving
Regulations - amendments*

Regulations Being Drafted

*Canada Oil and Gas Installations
Regulations*

*Canada Oil and Gas Certificate of
Fitness Regulations*

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is

also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the *Offshore Newfoundland Drilling Regulations* have been submitted to the Department of Justice and are expected to be promulgated in July 1991, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *NEB Rules of*

Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Relocation to Calgary

On 26 February, the Honourable Michael Wilson, then Minister of Finance, announced in his Budget Speech that the Board will be relocated to Calgary.

The Board expects to commence operations in Calgary on 1 September 1991. The Board will be located at :

311 - 6th Avenue S.W.
Calgary Alberta
T2P 3H2

The Board's new telephone, fax and telex numbers will be communicated as soon as they become available.

Reports and Speeches

1. *Current and Potential Canada Gas Trade*, Speaking Notes by R. Priddle, Chairman, to the Inside FERC Annual Conference, held in New Orleans, Louisiana on 11 March 1991.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A 0E5 Telex: (NEB OTT) 053-3791; Fax (613) 990-7900.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added

thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters

- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Marie Tobin
Secretary

For copies of documents contact:

Regulatory Support Office
(613) 998-7204

For information contact:

Ulana Perovic
Information Services
(613) 990-3166

1

Appendix I

Instructions For Filings With The National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
- Pipeline	35	(iv) Tolls	
- Power line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
- Natural gas	35	Operating and Maintenance Budgets	20
- Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	5	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amends to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		(vi) Other	
Orders	15	Applications for Review	20
Licence Amendments	15		
Licence Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 473 Albert Street, Ottawa, K1A OE5. (Telex: (NEB OTT) 053-3791; Telecopier (613) 990-7900)

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	990-3454
Vice-Chairman	J.-G. Fredette	990-3462
Member	R.B. Horner, Q.C.	990-3459
Member	W.G. Stewart	990-3470
Member	A.B. Gilmour	990-3312
Member	A. Côté-Verhaaf	990-3264
Member	M. Musgrove	990-3466
Member	C. Bélanger	990-9528
Member	R. Illing	990-3460
Temporary Member	D.B. Smith (403)292-6694	
Temporary Member	K.W. Vollman	990-3465

EXECUTIVE DIRECTOR

Executive Director	R. Glass	998-7190
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Finance and Administration Branch

A/Director	J. Klotz	990-6523
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Personnel Branch

Director	J. Thompson	993-4823
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Planning and Review Branch

Director	C. Scott	990-6845
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Information Technology Branch

Director	D. Emmens	998-7974
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OFFICE OF THE SECRETARY

Secretary	M. Tobin	990-3167
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Associate Secretary	G. Laing	990-2765
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A/Asst. Secretary Regulatory	A. Cadieux	990-3447
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A/Asst. Secretary Communications	A. Sicotte	998-7193
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Manager, Library	N. Park	990-6221
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Board Distribution Centre (Room 1064)		998-7204
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General Information		998-7204
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ENERGY REGULATION DIRECTORATE

Director General, Energy Regulation	P.L. Miles	998-7929
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Economics Branch

Director	M. Segal	998-9378
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Asst. Director & Manager, Economic Analysis Group	R. Jackson, Jr.	998-7213
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Manager, Forecasting and Energy Market Analysis	E. Ruddick	998-7936
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Electric Power Branch

Director	A.N. Karas	990-0329
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Special Advisor and Chief Generation Planning	M. Warnes	990-0335
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Chief, Regulatory	G. Izsak	990-0334
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Chief, Power System Planning	E. Vaahedi	990-0322
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Energy Supply Branch

Director	D.R. Collyer	998-7952
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Chief & Asst. Director, Crude Oil Supply	G.C. Hos	998-7921
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Chief, Special Projects	B. Bowers	998-7922
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Chief, Natural Gas Supply	P.R. Bourgeois	998-7925
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Chief, Geology and Reserves	C.H. Gemeroy (403)292-5400	
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Gas and Oil Branch

Director	R.M. White	990-6235
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Asst. Director and Chief, Market Analysis and Export Surveillance	R. Choy	993-7653
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Chief, Gas Export	D.M. Dubuc	993-6433
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Chief, Transportation and Oil Exports	H.H. Pols	993-7656
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Senior Advisor Oil Matters	B.A. Wells	990-6238
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PIPELINE REGULATION DIRECTORATE

Director General, Pipeline Regulation	E.L.M. Gordon	990-3314
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Environment Branch

Director	P.A. Carr	998-7179
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Chief & Asst. Director, Environment	S.P. Pierce	998-7181
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Chief, Operational Programs	G.R. Higginson	998-7182
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Chief, Regulatory Affairs	S.A. Burgess	998-7149
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A/Chief, Pipeline Crossings	J.F. Fitzpatrick	998-7150
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Financial Regulation Branch

Director	H.K. Pau	990-3188
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Asst. Director & Manager, Operations	G.S. Johnson	990-3191
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Chief, (IPL, IPL(NW), TMPL)	C.M. Sharp	990-3203
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Chief, (Westcoast)	J.J. Dolan	990-3204
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Chief, (TransCanada, TQM)	G. O'Brien	990-3205
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A/Chief, (TNPL, ANG Cochin, Group 2 Pipelines)	D.Grunig	990-3213
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A/Advisor, Capital and Labour Costs, Toll Design	J. MacKay	990-3216
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Advisor, Accounting, Auditing and Taxation (Foothills)	Aideen Brown	990-3206
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Pipeline Engineering Branch

Director	G. Caron	998-7160
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A/Chief, Oil Pipelines & A/Assistant Director	J. McCarthy	990-3185
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Chief, Gas Pipelines East	B. McEwen	998-7117
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Chief, Gas Pipelines West	M. Klein	998-7137
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Chief, Group 2 Pipelines
and Data Bases
and Safety

F. Jeglic 998-7133

A/Chief, Safety J. Abes 998-7118

Chief, Field
Inspection D. Watson 998-7128

FRONTIER OIL AND GAS REGULATION DIRECTORATE

Engineering Branch

Director General	G. Yungblut	993-1320
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Director - Reserves & Petroleum Division	T. Baker	991-1926
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Director - Exploration Division	F. Lepine	991-2017
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Environmental Protection Branch

Director General	K. Sato	993-2508
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Resource Evaluation Branch

Director General	G. Campbell	993-2414
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LAW BRANCH

A/General Counsel	J. Morel	990-6223
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Counsel	R. Graw	990-6232
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Counsel	M. Fowke	990-6228
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Counsel	A. Vockeroth	990-3488
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Counsel	J. Syme	990-6227
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Counsel	N. Bouffard	990-1297
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas, and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Oil and Gas Production and Conservation Act* and certain provisions of the *Canada Petroleum Resources Act* will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
473 Albert Street
Ottawa, Ontario
K1A 0E5

(613) 998-7204

Calgary Office:

National Energy Board
4500 - 16th Avenue N.W.
Calgary, Alberta
T3B 0M6

(403) 292-6700

Regulatory Agenda

Issue No. 38

CAI
MTCG
-R21

3 September 1991

The Board is Moving

On 3 September 1991, the National Energy Board opened its doors for business in Calgary at:

311 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H2

General Inquiries: (403) 292-4800

Because of the challenges posed by the move, the Board is issuing this abbreviated version of the *Regulatory Agenda*, which outlines developments on hearing-related matters since the last issue was published on 1 June 1991. The next issue, to be published on 1 December 1991, will update the non-hearing matters from 1 June to 1 December.

The Board has also set out its regulatory schedule for hearing-related matters in a newsletter that was issued on 19 July 1991. A copy is attached as Appendix I to this *Regulatory Agenda*.

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Profile	



National
Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *L&J Energy Systems, Inc. - Amend Licence GL-148 - GH-2-91*

Reasons for Decision dated May 1991, issued 12 June 1991.

The Board approved an application dated 29 January 1991 from L&J Energy to amend its natural gas export Licence GL-148 so as to extend the termination date by three years and to increase the term quantity from 1 456 million cubic metres (51.4 billion cubic feet) to 1 815 million cubic metres (64.1 billion cubic feet).

In October 1990, the Board had issued Licence GL-148 to L&J Energy authorizing the export of 1 456 million cubic metres (51.4 billion cubic feet) of natural gas over a 12-year period. L&J Energy had requested approval to export 1 815 million cubic metres (64.1 billion cubic feet) over a 15-year period.

The application was the subject of a public hearing held in Ottawa on 7 May 1991.

The amendment to the licence requires approval by Governor in Council.

2. *TransCanada PipeLines Limited - Gananoque Extension - GH-4-90*

Decision issued 18 March 1991; Reasons for Decision dated April 1991, issued 20 June 1991.

The Board declined to rescind its denial of an application by TransCanada to construct the proposed Gananoque Extension.

The proposed extension was a new pipeline extending 25.2 kilometres from TransCanada's mainline east of

Kingston to a point on the international border near Wolfe Island on the St. Lawrence River. The pipeline was to transport natural gas to be exported by Western Gas Marketing Limited, as agent for TransCanada, to Niagara Mohawk Power Corporation in the state of New York, beginning 1 November 1991.

TransCanada estimated that the pipeline, to be constructed in 1991, would cost approximately \$29.6 million.

The application was considered at a hearing held in Kingston and Gananoque, Ontario between 10 September and 30 October 1990, for a total of 21 days.

Final argument on facility matters was conducted in writing. The Board considered the toll methodology to be applied to the project in a separate hearing, held on 26 and 27 November 1990.

3. *Dartmouth Power Associates Limited Partnership - Natural Gas Export - GH-9-90*

Reasons for Decision dated May 1991, issued 18 July 1991.

The Board approved an application by Dartmouth Power for a licence to export 2.2 billion cubic metres (77.7 billion cubic feet) of natural gas near Iroquois, Ontario over a 15-year period beginning 1 November 1992. The gas will be used to fuel a new gas-fired independent power generating facility in Dartmouth, Massachusetts.

Dartmouth had requested a 20-year licence to export some 2.9 billion cubic metres (103.4 billion cubic feet) of natural gas. The Board approved the licence for 15 years instead of 20 years because it was not satisfied that

the evidence submitted by Dartmouth with regard to supply and the commercial necessity for the applied-for licence term was adequate to support the issuance of a 20-year export licence.

The Board held a public hearing on 19 and 20 February 1991 in Ottawa, Ontario to consider the application.

The Board also conducted an environmental screening of the application and determined that the potentially adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

4. *Westcoast Energy Inc. - Adsett Pipeline Project - GH-6-90*

Reasons for Decision dated June 1991, issued 31 July 1991.

The Board approved a proposal by Westcoast to construct the Adsett Pipeline.

The proposal involves the construction of a 48-kilometre raw gas transmission pipeline from the Adsett gas field in northeastern British Columbia to Westcoast's Klua pipeline which extends to the Fort Nelson gas processing plant. The estimated cost of the facilities is \$8.3 million.

Initially, the proposed pipeline will enable Westcoast to provide firm transmission services to two shippers.

The Board held a public hearing from 16 to 18 April 1991 in Fort Nelson, British Columbia to consider the application.

The Board conducted an environmental screening of the application, the results of which were issued on 4 April 1991. In the screening document, the

Board indicated that it would assess, as part of the public hearing, the environmental implications of the proposed pipeline, including the details of the Prophet River Indian Band's interests and the impact of the project on their interests.

On 11 April 1991, the Board received a notice of motion from the Prophet River Indian Band requesting the Board to review and rescind its findings on the environmental screening document. The Board decided on 13 May 1991 that it did not have the authority under the *Environmental Assessment and Review Process Guidelines Order* to review the findings of the screening document and denied the application for review.

5. TransCanada PipeLines Limited - Blackhorse Extension - GH-1-91

Decision issued 4 July 1991; Reasons for Decision dated July 1991, issued 25 July 1991.

The Board denied an application by TransCanada to build the Blackhorse Extension pipeline in southwestern Ontario.

TransCanada proposed to build 20.6 kilometres of pipeline and associated facilities for service beginning 1 November 1991. The pipeline was to extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and was estimated to cost \$42.3 million. The extension would have interconnected with the proposed Empire State Pipeline which is to serve central and western New York State.

In denying the application, the Board found that the markets proposed to be served by the Extension could be served by less expensive and environmentally superior means in a timely fashion through the expansion of TransCanada's existing Niagara Line. The Board determined, therefore, that

the proposed facilities were not required.

The application was subject of a public hearing held between 22 April and 6 May 1991 in Niagara Falls and Ottawa.

The Board also conducted an environmental screening of the application by means of a written procedure separate from the hearing process and found that the potentially adverse environmental effects and directly related social effects of the project would be insignificant or mitigable with known technology.

(Refer to item 2 under *Reviews*.)

6. TransCanada PipeLines Limited - Toll Application - RH-1-91

Decision issued 3 August 1991; Reasons for Decision to follow.

The Board approved new tolls the company may charge, effective 1 July 1991, for the transportation of natural gas to markets in Canada and United States.

The new tolls replace those that TransCanada was authorized to charge on an interim basis effective 1 January 1991, and are 6.5 percent higher than those tolls. The interim tolls, set last December, were 12.1 percent higher than the tolls in effect during 1990. On average, the tolls for 1991 are 15.97 percent higher than the tolls in effect during 1990. The company had requested an increase of 19.6 percent.

The application was the subject of a public hearing held between 14 May and 18 July 1991 in Calgary and Ottawa.

The Board's Reasons for Decision, expected to be published in the early fall, will also contain decisions on other issues, including those on TransCanada's requested 30.4-percent

increase in its revenue requirement, from \$934 million to \$1,218 million, and its requested increase in its rate of return on common equity from 13.25 percent to 14.25 percent.

Hearing Decisions Pending

1. Various Applications for Gas Export Licences - GH-3-91

The Board held a public hearing between 25 and 27 June 1991 in Calgary on applications from various companies for licences to export natural gas.

The applications received are from:

Amoco Canada Petroleum Company Ltd.
Canadian Occidental Petroleum Ltd.
Mobil Oil Canada, Ltd.
North Canadian Marketing Inc. and East Georgia Cogeneration (Vermont) Limited Partnership
ProGas Limited
Shell Canada Limited
Unigas Corporation
Western Gas Marketing Limited
Western Gas Marketing Limited, as agent for Northern Minnesota Utilities, a Division of Utilicorp United Inc.

Amoco is requesting a licence to export 1 551 million cubic metres (54.8 billion cubic feet) to Northern States Power Company, Wisconsin from 1 November 1992 to 31 October 2002. Northern States Power serves markets in western Wisconsin and the upper peninsula of Michigan.

Canadian Occidental is requesting a licence to export 775.5 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2002.

Mobil is requesting a licence to export 2 057 million cubic metres (73 billion cubic feet) to Northern Natural Gas Company, a Division of Enron Corp.

from the date of approval of the export to 31 October 2000. Northern Natural is an interstate pipeline company serving primarily local distribution companies in Illinois, Iowa, Michigan, Minnesota, South Dakota and Wisconsin.

North Canadian/East Georgia Cogeneration are requesting a licence to export 1 410 million cubic metres (50 billion cubic feet) of natural gas from 1 November 1992 to 31 October 2012. The gas will be used by East Georgia Cogeneration in a cogeneration plant to be constructed in East Georgia, Vermont.

ProGas filed two applications for two licences to export natural gas to the United States. One application is for the export of 1 861 million cubic metres (66 billion cubic feet) to Lockport Energy Associates, L.P. from 1 November 1992 to 31 October 2007. The gas will be used by Lockport at a cogeneration facility to be constructed in Lockport, New York. The other application is for the export of 775 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2001.

Shell applied for two 15-year licences to export natural gas to the U.S. midwest from 1 November 1991 to 31 October 2006. The first licence requested is for the export of 3 181 million cubic metres (112.3 billion cubic feet) to Salmon Resources Ltd. for resale to Midwest Gas, A Division of Iowa Public Service Company. Midwest Gas is a natural gas utility serving customers in Minnesota, Iowa, South Dakota and Nebraska. The other licence requested is for the export of 1 014 million cubic metres (36 billion cubic feet) to Salmon Resources for resale to Enron Gas Marketing, Inc. The gas will be utilized in the U.S. midwest.

Unigas is requesting a licence to export 10 300 million cubic metres (365 billion cubic feet) of natural gas to Northern Natural from 1 November 1991 to 31 October 2001.

Western Gas Marketing filed an application for three licences to export natural gas to Northern Natural as follows:

- 1 346 million cubic metres (47.5 billion cubic feet) from 1 November 1991 to 31 October 2001 from Emerson, Manitoba;
- 850 million cubic metres (30 billion cubic feet) from 1 November 1991 to 31 March 1996 from Emerson, Manitoba; and
- 708 million cubic metres (25 billion cubic feet) from 1 November 1991 to 31 October 2001 from Monchy, Saskatchewan.

Western Gas Marketing also filed two other export applications for two additional licences to export natural gas to the United States. One application is for the export of 283 million cubic metres (10 billion cubic feet) to Northern Minnesota Utilities from 1 November 1991 to 1 May 2001. Northern Minnesota Utilities is a local distribution company serving 46 communities in northern Minnesota. The second application is for the export of 4 980 million cubic metres (176 billion cubic feet) to Vermont Gas Systems, Inc. from 1 November 1991 to 31 October 2006. Vermont Gas is a transmission and distribution company serving customers in northwestern Vermont.

Western Gas Marketing as agent for Northern Minnesota Utilities also applied to export 4 270 million cubic metres (151 billion cubic feet) to Northern Minnesota Utilities from 1 November 1991 to 31 October 2002. The gas will be exported at Sprague, Manitoba and some will be re-imported at Rainy River, Ontario, then delivered to Fort Frances, Ontario, for re-export. The gas will be delivered to customers in western Minnesota and to Boise Cascade at International Falls, Minnesota.

The Board is conducting an environmental screening of the proposed exports by means of written submissions.

The Board expects to issue its decision in the fall of 1991.

2. *North Canadian Oils Ltd. and Poco Petroleum Ltd. - Natural Gas Export - GH-7-90*

The Board held a hearing on 23 and 24 October 1990 in Vancouver, British Columbia, on an application by North Canadian Oils and two applications by Poco for licences to export natural gas.

North Canadian Oils proposes to export up to 1 084 million cubic metres (38.3 billion cubic feet) of natural gas at Emerson, Manitoba over a 15-year period beginning 1 January 1991. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In light of information received from North Canadian Oils concerning a possible change in supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on this application until all arrangements have been finalized. North Canadian Oils was directed to inform the Board when agreements have been reached with Ada and any other supplier to the Ada project, to file a copy of the agreement with the Board and to serve it on all interested parties. Following this, the Board will issue further directions on procedure. It is the Board's intention to reopen the hearing to consider this new information once all arrangements are in place.

Poco's first application requests a licence to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990 and ending 31 October 1999. The gas

would be sold to Washington Natural Gas Company for system supply.

Poco's second application requests a licence to export 1 583 million cubic metres (56 billion cubic feet) of natural gas from Huntingdon, British Columbia, over a nine-year period beginning 1 November 1990. The gas would be sold to IGI Resources, Inc. of Boise, Idaho to supply customers in the Pacific northwest area of the United States.

The Board is currently considering its decision with respect to Poco's applications.

The Board is also conducting an environmental screening of the applications by means of written submissions.

Hearings Scheduled

1. *Interprovincial Pipe Line Inc. - 1992 Toll Application - RH-2-91*

A public hearing will be held in a location and at a date to be determined later, but in no event prior to 18 November 1991, to consider an application by Interprovincial to

increase the tolls it may charge, beginning 1 January 1992, for transporting crude oil, natural gas liquids and petroleum products from Alberta to markets in Ontario and Quebec.

Interested parties are to file their interventions with the Board by 23 September 1991.

Interprovincial requested an average increase of 10 percent over the tolls currently in effect. The company is also requesting an overall 11.9-percent increase in its net revenue requirement, to \$349.8 million, and an increase in its rate of return on equity to 14.0 percent on a deemed equity ratio of 42.5 percent.

2. *TransCanada PipeLines Limited - 1992/93 Facilities - GH-4-91*

On 18 November 1991, the Board will commence a hearing in Calgary, Alberta to consider an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements beginning 1 November 1992.

Parties interested in participating in the hearing are required to file their intervention with the Board by 20 September 1991.

TransCanada's expansion includes the construction of 301 kilometres of pipeline parallel to its existing pipeline in Saskatchewan, Manitoba and Ontario and the relocation of three portable compressor units.

The cost of the new facilities and the relocation is estimated at \$389 million.

The expansion would enable TransCanada to provide 4.31 million cubic metres (152.1 million cubic feet) per day of new firm service from Empress, Alberta, of which 53 percent is destined for domestic users in eastern Canada, and 47 percent for customers in the United States.

The proposed expansion on the TransCanada system, together with the Union Gas Limited pipeline would also provide 1.062 million cubic metres (37.5 million cubic feet) per day of new firm service in southwestern Ontario from Sarnia to Niagara Falls, Ontario.

Matters Considered by Written Submission

1. *Environmental Screening of Various Projects*

The Board is conducting or has conducted environmental screenings, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of various projects considered or to be considered at hearings to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

Natural gas exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90

All interested parties have provided written submissions to the Board, and Esso, Gulf and Shell have filed their reply. The Board is currently reviewing all the information provided as part of its environmental screening of the export proposal.

2. *Manitoba Hydro-Electric Board - Export of Electricity - EW-1-91*

The Board is considering by written submissions an application from Manitoba Hydro for three permits to export electricity to Northern States Power Company and United Power Association in Minnesota.

One permit is for the export of 200 megawatts to Northern States Power Company during the summer seasons (1 May to 31 October) of 1997 to 2016. The second permit is for the export of 400 megawatts to Northern States Power during the summer seasons of 1992 to 1994 and 150 megawatts to United Power Association during the summer seasons of 1995 to 2014.

The exports would be made in accordance with the terms of seasonal diversity agreements providing for the return of electricity to Manitoba Hydro by the purchasers during the winter season. Those agreements give Manitoba Hydro the right to purchase specific amounts of energy from its export customers when it faces "low water conditions" and requires such imports to meet its firm provincial demands and out-of-province firm commitments.

The Board requested interested parties to make their views known on the application before it determines whether to issue export permits or recommend to the Governor in Council that it designate Manitoba Hydro's application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 26 August 1991. The interventions were to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns, are due 4 November 1991.

The Board is conducting an environmental screening of the proposed export. Any information pertaining to the potential environmental impact of the proposed exports submitted by interested parties will also be considered by the Board in arriving at its decision.

3. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation (POWEREX) - Export of Electricity - EW-2-91*

The Board is also considering by written submissions an application by B.C. Hydro and POWEREX for two six-

year permits to export electricity to the western United States.

One permit is for the export of up to 2 300 megawatts of firm power and up to 6 000 gigawatt hours of firm energy in each year from 1 October 1991 to 30 September 1997. A second permit is for the export of up to 20 000 gigawatt hours of interruptible energy from 1 October 1991 to 30 September 1997 less the amount exported, if any, under the firm electricity export permit.

The electricity would be exported to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool.

The Board requested interested parties to make their views on the application known before determining whether to issue export permits or recommend to the Governor in Council that it designate the application for licensing. Such a designation would necessitate a public hearing.

Written interventions are due 6 September 1991. The interventions are to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns are due 25 October 1991.

The Board will advise interested parties on the procedures for the assessment of the environmental impact of the exports and the environmental screening of the proposal under the *Environmental Assessment and Review Process Guidelines Order*.

4. *Alberta Natural Gas Company Ltd. - System Expansion - GHW-2-91*

The National Energy Board will hold a written hearing, by means of written

submissions, on an application by Alberta Natural Gas to expand its pipeline system to transport additional volumes of natural gas to markets in the western United States, including, particularly, southern California.

Parties interested in participating in the proceeding are to file their interventions with the Board by 27 September 1991.

The proposed expansion consists of additional and modified compression facilities on the company's three existing compressor stations in southern British Columbia, at an estimated cost of \$81.8 million.

The expansion, coupled with pipeline looping proposed by Foothills Pipe Lines (South B.C.) Ltd., would allow Alberta Natural Gas to transport an

additional 26.4 million cubic metres (932 million cubic feet) of natural gas per day to the international boundary beginning 1 November 1993.

In the United States, the gas would be transported by a proposed expansion of the pipeline of Pacific Gas Transmission Company.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Company	Date of Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of eastern leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Consideration		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing, Inc.	8 April 1990	Export and import of natural gas
8. Washington Water Power Company	30 November 1990	Export of natural gas
9. Southern California Edison Company and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.	30 January 1991	Export of natural gas
10. Southern California Edison Company and Esso Resources Canada Limited	30 January 1991	Export of natural gas

Company	Date of Application	Description
11. Southern California Edison Company and Shell Canada Limited	31 January 1991	Export of natural gas
12. Southern California Edison Company and Western Gas Marketing Limited	30 January 1991	Export of natural gas
13. Canadian-Montana Pipe Line Company	21 March 1991	Export of natural gas
14. Altamont Gas Transmission Canada Limited	26 July 1991	Pipeline Construction in Alberta
15. TransCanada PipeLines Limited	4 July 1991	Tolls for 1992

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll adjustments. Listed below are the applications for review that are currently before the Board.

Reviews

1. *Canadian Petroleum Association - Review of Licence GL-111*

In an application dated 29 May 1991, the Canadian Petroleum Association requested that the Board review its decision in GH-5-88 with respect to the issuance of gas export Licence GL-111 issued to Alberta and Southern Gas Co. Ltd. (Licence GL-111 allows Alberta and Southern to export up to 116.4 billion cubic metres (4.1 trillion cubic feet) of natural gas between 1 November 1994 and 31 October 2005). Specifically, the CPA requested that, as a result of its review the Board confirm the basis upon which the Board made its decision;

declare that the Public Utilities Commission of the State of California (CPUC) has acted in a manner contrary to Canadian and American energy policy, the Market-Based Procedure, the GH-5-88 decision and the Free Trade Agreement; and declare the basis upon which current and future decisions on gas exports and export-related pipeline construction will be based.

In its application, CPA states that current actions by the CPUC to implement capacity brokering on the PGT pipeline system is inconsistent with the Board's decision in GH-5-88 "since it would abrogate the freely negotiated contractual undertakings upon which the GH-5-88 decision was based, would be contrary to the evidence that was relied on by the Board in reaching its decision, and would be inconsistent with the principles of Canadian and United States energy policy which formed the basis of this decision".

The Board decided to seek comments on the application for review. Interested parties' comments on whether the Board should proceed with the review were due on 22 July 1991; the CPA had until 6 August 1991 to respond to those comments.

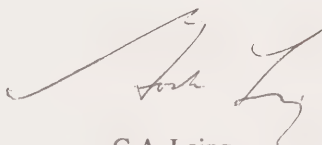
2. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of Denial of TransCanada Blackhorse Extension*

On 2 August, TransCanada, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited filed an application for a review of the Board's decision denying an application by TransCanada to build the Blackhorse Extension. (Refer to item 5 under Recent Hearing Reports and Decisions.)

The Board decided on 8 August 1991 that a recent decision by the regulatory authority in the United States, the Federal Energy Regulatory Commission, constitutes a changed circumstance which raises a doubt as to the correctness of the Board's decision and justifies proceeding with the review.

Interested parties were invited to file their comments with the Board by 30 August 1991. The applicants' comments are due 16 September.

National Energy Board



G.A. Laing
Secretary

For information contact:

Denis Tremblay
Information Services
(403) 299-2719

National Energy Board
SPECIAL NEWSLETTER

July 19, 1991
 FOR IMMEDIATE RELEASE

The move of the National Energy Board to Calgary in September 1991, poses special workload and scheduling challenges. As a result, the Board has been reviewing its probable agenda for the next year. This special newsletter is intended to share with the regulated industry and interested parties the Board's tentative hearing schedule.

The Board's hearing work is for the most part demand driven. This means that it does not usually know ahead of time what, if any, applications requiring a public hearing will be filed and when they will be filed. Only in the case where the Board has itself ordered a company to file an application by a specified date are these two factors known. That said, the Board anticipates about 12 public hearings over the next 12 to 15 months.

The Board has made specific planning decisions in the case of 5 of these potential hearings. Here are the specifics:

Interprovincial Pipe Line Inc. - 1992 Tolls

This application was filed with the Board on June 28, 1991; the Board will hear it in late 1991 (November or December). Interested parties will recall that after receiving comments from intervenors that a public hearing was warranted at this time, the Board specifically requested IPL to file a Class III toll application. The Board expects that those intervenors who requested a public hearing will play a prominent role in the proceedings.

Trans Mountain Pipe Line Company Ltd. - 1992 Tolls

On December 28, 1990, the Board asked Trans Mountain to file a Class III toll application for its 1992 tolls by June 30, 1991. The company informed the Board in the spring of 1991 that it would like to try to achieve a negotiated settlement with its shippers for the 1992 tolls and consequently requested an extension of the filing date to allow time for negotiation. The Board agreed to an August 30, 1991 date for the filing of the application. Should the process of the negotiated settlement leave issues unresolved, the Board will hold a public hearing on the outstanding matters in February or March 1992.

Westcoast Energy Inc. - 1992-1993 Tolls

TransCanada PipeLines Limited - 1992-1993 Tolls

Recognizing the need for comprehensive preparation for these hearings by the Board, the applicants and intervenors, the Board has informed both companies that it wishes to deal with the above applications in public hearings to be held in September 1992. The Board has proposed to the companies that they file toll applications for interim 1992 tolls by November 1, 1991 and to file complete applications for both 1992 and 1993 tolls in the spring of 1992. Both companies

have indicated that they would like to settle a number of the 1992 toll issues through a negotiated settlement process; the Board welcomes this initiative.

Notwithstanding the above, hoping for an earlier public hearing, TransCanada filed an application for 1992 tolls on 4 July 1991. TransCanada intends to revise its application in the fall to reflect the Board's decision in the RH-1-91 proceedings during which the 1991 tolls were reviewed.

TransCanada PipeLines Limited - 1992-1993 Facilities

As expected by the Board, this application was filed on July 12, 1991. The Board intends to hold a public hearing in November of this year.

All other applications received over the next few months will be set down for hearing during the year 1992. For your information here is a list of the expected applications which may require a public hearing upon examinations of the applications when filed:

Facilities

Westcoast Energy New Raw Gas Pipeline
Alberta Natural Gas Pipeline Expansion
Northern Pipe Line Company (a new oil pipeline in the Milk River area in Alberta)
Interprovincial Pipe Line Limited: The Future of the Sarnia-Montreal pipeline

Tolls

Trans Quebec and Maritimes 1993-1994 Tolls

Energy Commodities

Natural Gas Export Licences Underpinning new pipelines to California
Other Miscellaneous Natural Gas Export Applications

The Board wishes to remind interested parties that it has undertaken or will shortly undertake the formal consideration of two applications by Manitoba Hydro and British Columbia Hydro to export electricity to the United States. New electricity procedures require a determination by the Board as to whether or not a public hearing should be recommended to the Minister.

Although the move to Calgary necessitates some adjustment in the hearing schedule, the Board expects to maintain service at a reasonable level over the transition period. The Board hopes that the information contained in this special newsletter will allow you to better plan your own workload for the months ahead.

Reaching the Board in Calgary

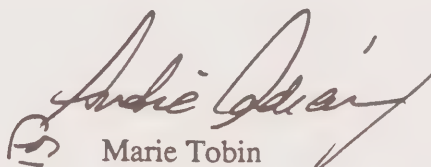
Effective 3 September 1991, the Board can be contacted by:

- i. telephone, through the general enquiries number (403) 292-4800;

- ii. facsimile, through the temporary facsimile number (403) 292-5503; or
- iii. mail or in person at the following address:

National Energy Board
Cadillac Fairview Building
311 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H2

We look forward to serving you from our Calgary location and we thank you for your understanding and cooperation.



Marie Tobin
Secretary

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas, and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Oil and Gas Production and Conservation Act* and certain provisions of the *Canada Petroleum Resources Act* will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Minister of Labour to administer Part II of the *Canada Labour Code*.

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Regulatory Agenda

Issue No. 39

1 December 1991

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *TransCanada PipeLines Limited - Toll Application - RH-1-91*

Decisions issued on 2 August and 4 October 1991; Reasons for Decision issued on 30 December.

In its decision of 2 August 1991, the Board approved new tolls the company may charge, effective 1 July 1991, for the transportation of natural gas to markets in Canada and the United States.

In its 4 October decision, the Board approved a revenue requirement for 1991 of \$1.20 billion compared with TransCanada's forecast revenue requirement of \$1.22 billion. For 1990, the Board had approved a revenue requirement of \$934 million.

The Board also approved a rate of return on common equity of 13.5 percent. TransCanada had requested 14.5 percent. The rate previously in effect was 13.25 percent.

With respect to the allowance of costs related to TransCanada's move to Calgary in its revenue requirement, the Board decided to disallow approximately \$3.6 million of the total amount applied-for and to allow TransCanada to recover in its toll an amount of

\$43.7 million over a two-year period ending 31 December 1992.

The Board also made decision on a number of other matters reviewed at the hearing.

The application was the subject of a public hearing held between 14 May and 18 July 1991 in Calgary and Ottawa.

Hearing Decisions Pending

1. *Various Applications for Gas Export Licences - GH-3-91*

The Board held a public hearing on 25, 26 and 27 June 1991 in Calgary on applications from various companies for licences to export natural gas.

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National
Energy Board



Canada

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.

The applications received were from:

Amoco Canada Petroleum
Company Ltd.
Canadian Occidental Petroleum
Ltd.
Mobil Oil Canada, Ltd.
North Canadian Marketing Inc. and
East Georgia Cogeneration
(Vermont) Limited Partnership
ProGas Limited
Shell Canada Limited
Unigas Corporation
Western Gas Marketing Limited
Western Gas Marketing Limited, as
agent for Northern Minnesota
Utilities, a Division of Utilicorp
United Inc.

Amoco is requesting a licence to export 1 551 million cubic metres (54.8 billion cubic feet) to Northern States Power Company, Wisconsin from 1 November 1992 to 31 October 2002. Northern States Power serves markets in western Wisconsin and the upper peninsula of Michigan.

Canadian Occidental is requesting a licence to export 775.5 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2002.

Mobil is requesting a licence to export 2 057 million cubic metres (73 billion cubic feet) of natural gas to Northern Natural Gas Company, a Division of Enron Corp. from the date of approval of the export to 31 October 2000. Northern Natural is an interstate pipeline company serving primarily local distribution companies in Illinois, Iowa, Michigan, Minnesota, South Dakota and Wisconsin.

North Canadian/East Georgia Cogeneration are requesting a licence to export 1 410 million cubic metres (50 billion cubic feet) of natural gas from 1 November 1992 to 31 October 2012. The gas will be used by East Georgia Cogeneration in a cogenera-

tion plant to be constructed in East Georgia, Vermont.

ProGas filed two applications for licences to export natural gas to the United States. One application is for a licence to export 1 861 million cubic metres (66 billion cubic feet) to Lockport Energy Associates, L.P. from 1 November 1992 to 31 October 2007. The gas will be used by Lockport at a cogeneration facility to be constructed in Lockport, New York. The other application is for a licence to export 775 million cubic metres (27.4 billion cubic feet) to Northern States Power from 1 November 1992 to 31 October 2001.

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(a) 1 346 million cubic metres (47.5 billion cubic feet) from 1 November 1991 to 31 October 2001 from Emerson, Manitoba;

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Western Gas Marketing as agent for Northern Minnesota Utilities also applied to export 4 270 million cubic metres (151 billion cubic feet) to Northern Minnesota Utilities from 1 November 1991 to 31 October 2002. The gas will be exported at Sprague, Manitoba and some will be imported at Rainy River, Ontario, then delivered to Fort Frances, Ontario, for re-export. The gas will be delivered to customers in western Minnesota and to Boise Cascade at International Falls, Minnesota.

The Board conducted an environmental screening of the proposed exports by means of written submissions.

The Board expects to issue its Reasons for Decision by mid-January.

**2. North Canadian Oils Ltd. and Poco
Petroleum Ltd. - Natural Gas Export
- GH-7-90**

The Board held a hearing on 23 and 24 October 1990 in Vancouver, British Columbia on an application by North Canadian Oils and two applications by Poco for licences to export natural gas.

North Canadian Oils proposes to export up to 1 084 million cubic metres (38.3 billion cubic feet) of natural gas at Emerson, Manitoba over a 15-year period beginning 1 January 1991. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In light of information received from North Canadian Oils concerning a possible change in supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on this application until all arrangements have been finalized. North Canadian Oils was directed to inform the Board when agreements have been reached with Ada and any other supplier to the Ada project, to file a copy of the agreement with the Board and to serve it on all interested parties. Following this, the Board will issue further directions on procedure. It is the Board's intention to reopen the hearing to consider this new information once all arrangements are in place.

Poco's first application requests a licence to export 1 138 million cubic metres (40.2 billion cubic feet) of natural gas from Huntingdon, British Columbia beginning 1 September 1990 and ending 31 October 1999. The gas would be sold to Washington Natural Gas Company for system supply.

Poco's second application requests a licence to export 1 583 million cubic metres (56 billion cubic feet) of natural gas from Huntingdon, British Columbia, over a nine-year period

beginning 1 November 1990. The gas would be sold to IGI Resources, Inc. of Boise, Idaho to supply customers in the Pacific northwest area of the United States.

The Board is currently considering its decision with respect to Poco's applications.

The Board is also conducting an environmental screening of the applications by means of written submissions.

**3. TransCanada PipeLines Limited -
1992/93 Facilities - GH-4-91**

The Board held a hearing from 18 to 27 November 1991 in Calgary to consider an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements beginning 1 November 1992.

TransCanada's expansion includes the construction of 278.2 kilometres of pipeline parallel to its existing pipeline (looping) in Saskatchewan, Manitoba and Ontario and the relocation of three portable compressor units.

The cost of the new facilities and the relocation is estimated at \$360.4 million.

The expansion would enable TransCanada to provide 4.424 million cubic metres (156.2 million cubic feet) per day of new firm service from Empress, Alberta, of which 49 percent is destined for domestic users in eastern Canada, and 51 percent for customers in the United States.

The proposed expansion on the TransCanada system, together with the Union Gas Limited pipeline, would also provide 1.062 million cubic metres (37.5 million cubic feet) per day of new firm service in southwestern Ontario from Sarnia to Niagara

Falls, Ontario.

During the hearing the Board also considered an application from Northland Power for an order directing TransCanada to receive, transport and deliver gas offered to TransCanada by the applicant and to provide adequate and suitable facilities for that purpose.

Hearing In Progress

**1. Interprovincial Pipe Line Inc. - 1992
Toll Application - RH-2-91**

The Board commenced a public hearing on 2 December 1991 in Calgary to consider an application by Interprovincial to increase the tolls it may charge, beginning 1 January 1992, for transporting crude oil, natural gas liquids and petroleum products from Alberta to markets in Ontario and Quebec.

Interprovincial is requesting an average increase of 12 percent over the tolls currently in effect. The company is also requesting an 11.9-percent increase in its net revenue requirement, to \$350 million, and an increase in its rate of return to 14.0 percent from the current authorized 13.25 percent.

Interprovincial also applied for its deemed equity ratio to be raised to 42.5 percent from the current level of 40 percent.

Among the issues the Board will examine at the hearing is the treatment of costs and toll design methodology for the Sarnia to Montreal portion of the pipeline, both in its current idled state and under a scenario where the pipeline would be reversed to allow east to west movements of crude oil. The Board will not consider the scenario where the line would be converted to the west to east transmission of natural gas.

On 28 November 1991, Interprovincial applied for an interim toll increase of 12 percent over the tolls currently in effect. On 13 December, the Board approved interim tolls 9 percent higher than the tolls currently in effect.

Hearing Scheduled

As mentioned in the September issue of the Regulatory Agenda, the Board relocated to Calgary and began full operation on 3 September. There is no doubt that the move has posed special workload and scheduling challenges, and the Board is grateful for the understanding and support it received from key players in the energy sector during this transition period.

Some 40 percent of the Board's Ottawa staff made the move to Calgary, including 75 percent of the executive and 48 percent of the professional staff members. Since then, major efforts have been underway to staff the vacant positions. We expect to be fully staffed by the end of February.

On 19 July 1991 the Board issued a Special Newsletter outlining its proposed schedule of hearings.

In that letter we indicated our tentative hearing schedule for the period following the transition from Ottawa to Calgary. Our plans then were to hold hearings in the fall of 1991 on the 1992 tolls of Interprovincial Pipe Line Inc. and on the proposed pipeline facilities expansion of TransCanada PipeLines Limited. We further stated that a public hearing on the 1992 tolls of Trans Mountain Pipeline Company Ltd. would be held in February or March of

1992 and that hearings would be held in September 1992 on the 1992 and 1993 tolls of Westcoast Energy Inc. and TransCanada.

Both the Interprovincial tolls and TransCanada facilities cases have been scheduled as indicated and we expect the Trans Mountain tolls case to be heard more or less as scheduled. However, events have led to significant adjustments to the schedule such that we expect to hold as many as nine hearings in the first six months of 1992. Details of our plan are found below.

1. *Trans Mountain Pipe Line Company Ltd. - 1992 Toll Application - RH-3-91*

The Board will hold a public hearing commencing on 2 March 1992 in Vancouver, British Columbia to consider an application by Trans Mountain to increase the tolls it may charge in 1992 for transporting crude oil and petroleum products.

Trans Mountain is requesting an increase in its tolls which would average 5 percent over the tolls currently in effect. The Company states that the increase is required, in part, to enable the Company to recover a forecast increase of 4.6 percent in its cost of service, to \$89 million, over the currently approved amount of \$85 million.

During the oral proceeding the Board intends to examine the issues of allowed rate of return on common equity and the capital structure for regulatory purposes. Unless otherwise directed by the Board, all the other issues will be dealt with by written proceeding.

2. *TransCanada PipeLines Limited - 1992 Toll Application - RH-4-91*

The Board will hold a public hearing commencing on 17 February 1992 in Calgary on an application by TransCanada PipeLines Limited for approval of new tolls the company may charge, effective 1 January 1992, for the transportation of natural gas to markets in Canada and the United States.

TransCanada applied for a Firm Service toll to the Eastern Zone which would be approximately 3 percent lower than the toll approved by the Board effective 1 July 1991.

The Company requested a 19 percent increase in its revenue requirement, from \$1 196.1 million to \$1 419.5 million, and a decrease in its rate of return on common equity from 13.50 percent to 13.25 percent.

TransCanada included in its application a proposed settlement negotiated by the participants to a joint industry task force which includes TransCanada. The Task Force Report contains recommendations on various issues, including rate of return on common equity, which TransCanada is requesting that the Board accept at the public hearing.

Parties wishing to participate in the hearing must file their interventions with the Board no later than 31 December 1991.

In late December, the Board approved new tolls, effective 1 January 1992, that the company may charge on an interim basis, pending the Board's final decision on TransCanada's application. The interim tolls are the same as those in effect since July 1991.

Matters Considered by Written Submission

1. *Natural Gas Exports, which the Board approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90*

The Board is conducting an environmental screening, in accordance with the Environmental Assessment and Review Process Guidelines Order, of the above noted project to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

All interested parties have provided written submissions to the Board, and Esso, Gulf and Shell have filed their reply. The Board is currently reviewing the submissions received.

2. *Manitoba Hydro-Electric Board - Export of Electricity - EW-1-91*

The Board is considering by written submission an application from Manitoba Hydro for three permits to export electricity to Northern States Power Company and United Power Association in Minnesota.

One permit is for the export of 200 megawatts to Northern States Power Company during the summer seasons (1 May to 31 October) of 1997 to 2016. The second permit is for the export of 400 megawatts to Northern States Power during the summer seasons of 1992 to 1994 and the third permit is for 150 megawatts to United Power Association during the summer seasons of 1995 to 2014.

The exports would be made in accordance with the terms of seasonal diversity agreements providing for the return of electricity to Manitoba Hydro

by the purchasers during the winter season. Those agreements give Manitoba Hydro the right to purchase specific amounts of energy from its export customers when it faces "low water conditions" and requires such imports to meet its firm provincial demands and out-of-province firm commitments.

The Board requested interested parties to make their views known on the application before it determines whether to issue export permits or recommend to the Governor in Council that it designate Manitoba Hydro's application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 26 August 1991. The interventions were to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns, are due on 9 December 1991.

The Board is conducting an environmental screening of the proposed export. Any information pertaining to the potential environmental impact of the proposed exports submitted by interested parties will be considered by the Board in arriving at its decision.

3. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation (POWEREX) - Export of Electricity - EW-2-91*

The Board is also considering by written submission an application by B.C. Hydro and POWEREX for two six-year permits to export electricity to the western United States.

One permit is for the export of up to 2 300 megawatts of firm power and up to 6 000 gigawatt hours of firm energy in each year from 1 October 1991 to

30 September 1997. A second permit is for the export of up to 20 000 gigawatt hours of interruptible energy from 1 October 1991 to 30 September 1997 less the amount, if any, exported under the firm electricity export permit.

The electricity would be exported to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool.

The Board requested interested parties to make their views on the application known before determining whether to issue export permits or recommend to the Governor in Council that it designate the application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 6 September 1991. The interventions are to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns were due 25 October 1991, later extended to 10 February 1992.

The Board will advise interested parties on the procedures for the assessment of the environmental impact of the exports and the environmental screening of the proposal under the Environmental Assessment and Review Process Guidelines Order.

4. *Alberta Natural Gas Company Ltd. - System Expansion - GHW-2-91*

The Board is also holding a hearing, by means of written submission, on an application by Alberta Natural Gas to expand its pipeline system to transport additional volumes of natural gas to markets in the western United States, including, particularly, southern California.

The proposed expansion consists of additional and modified compression facilities on the company's three existing compressor stations in southern British Columbia, at an estimated cost of \$81.8 million.

The expansion, coupled with pipeline looping proposed by Foothills Pipe Lines (South B.C.) Ltd., would allow

Alberta Natural Gas to transport an additional 26.4 million cubic metres (932 billion cubic feet) of natural gas per day to the international boundary beginning 1 November 1993.

In the United States, the gas would be transported by a proposed expansion of the pipeline of Pacific Gas Transmission Company.

Interventions were due on 27 September. Submissions from interested parties were due on 22 November 1991. Alberta Natural Gas' responses to interested parties submissions are due on 10 January 1992.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Date of Company	Application	Description
Dormant		
1. Foothills Pipe Lines (Yukon) Ltd.	29 June 1979	Certificate for Dempster Lateral
2. Polar Gas Ltd.	29 June 1984	Certificate for a natural gas pipeline from the Mackenzie Delta
3. Foothills Pipe Lines (Yukon) Ltd.	13 February 1985	Certificate for expansion of eastern leg of the Alaska Highway Natural Gas Pipeline System
4. Mobil Oil Canada Ltd. Petro-Canada Inc. Texaco Canada Resources Ltd. Nova Scotia Resources (Ventures) Limited	17 July 1985	Export of natural gas (Venture Project)
5. Foothills Pipe Lines Ltd.	30 October 1989	Certificate to construct the Mackenzie Valley Pipeline
Under Consideration		
6. Rochester Gas and Electric Corporation	24 November 1989	Import and export of natural gas
7. Northridge Petroleum Marketing, Inc.	8 April 1990	Export and import of natural gas
8. Washington Water Power Company	30 November 1990	Export of natural gas
9. Southern California Edison Company and AEC Oil and Gas Company, a Division of Alberta Energy Company Ltd.	30 January 1991	Export of natural gas
10. Southern California Edison Company and Esso Resources Canada Limited	30 January 1991	Export of natural gas

Company	Date of Application	Description
11. Southern California Edison Company and Shell Canada Limited	31 January 1991	Export of natural gas
12. Southern California Edison Company and Western Gas Marketing Limited	30 January 1991	Export of natural gas
13. Canadian-Montana Pipe Line Company	21 March 1991	Export of natural gas
14. Manitoba Hydro	27 August 1991	Electricity export
15. Summit Resources Limited	17 October 1991	Export of natural gas
16. Selkirk Cogen Partners II, L.P. and ATCOR Ltd	23 October 1991	Export of natural gas
17. Selkirk Cogen Partners II, L.P. and Esso Resources Canada Limited	23 October 1991	Export of natural gas
18. Selkirk Cogen Partners II, L.P. and PanCanadian Petroleum Limited	23 October 1991	Export of natural gas
19. Canadian Hydrocarbon Marketing Inc.	31 October 1991	Export of natural gas
20. CanWest Gas Supply Inc.	12 November 1991	Export of natural gas
21. POCO Petroleum Ltd.	14 November 1991	Export of natural gas
22. Westcoast Energy Inc.	20 November 1991	Pipeline construction

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 3 September 1991 issue of the Agenda, the following major matters have been considered by the Board.

Reviews

1. *Canadian Petroleum Association - Review of Licence GL-111*

In an application dated 29 May 1991, the Canadian Petroleum Association (CPA) requested that the Board review its decision in GH-5-88 with respect to the issuance of gas export Licence GL-111 issued to Alberta and Southern Gas Co. Ltd. (Licence GL-111 allows Alberta and Southern to export up to 116.4 billion cubic metres (4.1 trillion cubic feet) of natural gas between 1 November 1994 and 31 October 2005). Specifically, the CPA requested that, as a result of its review the Board confirm the basis upon which the Board made its decision; declare that the Public Utilities Commission of the State of California (CPUC) has acted in a manner contrary to Canadian and American energy policy, the Market-Based Procedure, the GH-5-88 decision and the Free Trade Agreement; and declare the basis upon which current and future decisions on gas exports and export-related pipeline construction will be based.

In its application, CPA states that current actions by the CPUC to implement capacity brokering on the Pacific Gas Transmission pipeline system is

inconsistent with the Board's decision in GH-5-88 "since it would abrogate the freely negotiated contractual undertakings upon which the GH-5-88 decision was based, would be contrary to the evidence that was relied on by the Board in reaching its decision, and would be inconsistent with the principles of Canadian and United States energy policy which formed the basis of this decision".

The Board decided to seek comments on the application for review. Interested parties' comments on whether the Board should proceed with the review were due on 22 July 1991, later extended to 6 August; the CPA had until 6 August 1991, later extended to 20 August, to respond to those comments.

On 27 November 1991, the CPA filed an amended application.

CPA amended its original application following a 14 November 1991 decision by the CPUC to allow capacity brokering on the Pacific Gas system. CPA said that the decision effectively directs Pacific Gas and Electric to terminate all long-term contracts with Alberta producers by October 1992.

In amending its original application, CPA is asking the Board to immediately vary all short-term export orders to add a condition that prohibits deliveries into the pipeline system of PGT of any Canadian gas destined for utilization in the northern California market that is not gas presently contracted by A&S for sale to PGT. It adds that the condition should continue in full force and effect until the Board has held a hearing, made its findings and rendered a decision in respect to the CPA application.

The Board is currently reviewing the application, as amended.

2. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of Denial of TransCanada Blackhorse Extension*

On 2 August, TransCanada, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited filed an application for a review of the Board's decision denying an application by TransCanada to build the Blackhorse Extension.

The Blackhorse Extension was a proposal by TransCanada to construct 20.6 kilometres of pipeline and associated facilities for service beginning 1 November 1991. The pipeline was to extend from TransCanada's Niagara Line to a delivery point near Chippawa, Ontario and was estimated to cost \$42.3 million. The extension would have interconnected with the proposed Empire State Pipeline which is to serve central and western New York State.

In denying the application, the Board found that the markets proposed to be served by the Extension could be served by less expensive and environmentally superior means in a timely fashion through the expansion of TransCanada's existing Niagara Line. The Board determined, therefore, that the proposed facilities were not required.

On 9 August, the Board decided that a recent decision by the regulatory authority in the United States, the Federal Energy Regulatory Commission, constitutes a changed circumstances which raises a doubt as to the correctness of the Board's decision and justifies proceeding with the review.

Interested parties were invited to file their comments with the Board by 30 August 1991. The applicants' comments were due on 16 September.

In light of the Federal Court's 18 October decision to quash the Board's decision to review (Refer to item 4 under Appeals.), the Board decided on 12 November 1991 to seek comments from interested parties on whether a review should be held.

Interested parties are required to file their comments by 2 December and the Applicants have until 12 December to respond to any comments received.

Appeals

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec)* (EH-3-89)

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal were that the Board exceeded its jurisdiction when it made the licences subject to conditions that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply the authorized exports, for which construction had not yet been authorized at the time of completion of the hearing, will have been subjected, prior to its construction, to the appropriate environmental assessment and review procedures as well as to the applicable environmental standards and guidelines in accordance with federal government laws and regulations. Hydro-Québec argued that its generation facilities are local works under the exclusive jurisdiction

of the province of Quebec and thus not subject to federal regulation. The appellant further holds that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argued that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council was of the view that the Board had to apply paragraph 118(b) of the Act as it read before the coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application of Le Procureur général du Québec for leave to appeal. In addition to the grounds already raised by Hydro-Québec, Le Procureur général also argues that the EARP Guidelines Order does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

On 28 November 1990, the Federal Court of Appeal granted the applications of all three appellants for leave to appeal.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

The appeals were heard in Montreal between 10 and 14 June 1991.

The Court denied the Grand Council's appeal and allowed the appeals by Le Procureur général and Hydro-Québec.

On 30 October 1991, the Grand Council and the Cree Regional Authority filed an application for leave to appeal with the Supreme Court of Canada.

2. *Treaty 8 Tribal Association and the Doig River Indian Band*

On 10 January 1991, the Tribal Association and the Indian Band filed a notice of motion with the Federal Court of Appeal for leave to appeal the Board's decision of 6 December 1990 to approve an application by Canadian Hunter Exploration Ltd. to construct three 1 363-metre long segments of inter-provincial pipeline.

The first ground for appeal was that the Board had denied the two groups procedural fairness by not seeking their reply to Canadian Hunter's 6 November 1990 reply to the comments previously made by the Tribal Association and the Indian Band. The second ground of appeal is that the Board failed to provide a full hearing to the Applicants whose constitutionally protected treaty rights constituting proprietary interests could not be affected without a hearing.

On 2 May 1991, the Federal Court of Appeal granted the Tribal Association and the Indian Band leave to appeal the Board's 6 December 1990 decision.

3. *TransCanada PipeLines Limited/ Western Gas Marketing Limited and Niagara Mohawk - Gananoque Extension*

On 12 April 1991, Niagara Mohawk and TransCanada filed a notice of motion with the Federal Court of Appeal pursuant to which they seek an order granting them leave to file an application for leave to appeal 30 days following the release of the Board's Reasons for Decision in GH-4-90.

Niagara Mohawk and TransCanada have made this motion to preserve their rights of appeal. In the absence of

the order sought, it is arguable that the 30-day limitation period provided for in subsection 22(1.1) of the Act would have expired 30 days following the release on 18 March 1991 of the Board's GH-4-90 Decision with reasons to follow.

The Federal Court is continuing to solicit comments from interested parties with respect to TransCanada and Niagara Mohawk's motion.

4. CNG Transmission Corporation - 4. CNG Transmission Corporation - Blackhorse Extension

(Refer to item 2 under Reviews)

On 30 August 1991, CNG filed a motion with the Federal Court seeking leave to appeal the Board's decision of 9 August 1991 to review the Blackhorse decision. CNG was seeking a decision from the Court to quash the Board's decision to conduct a review of its decision regarding the Blackhorse Extension and to prohibit all Board Members from participating in the review.

On 9 September 1991, CNG filed a notice of Application for Leave to Appeal with the Federal Court of Appeal seeking leave to appeal the Board's decision of 9 August 1991 to review the Blackhorse decision. CNG filed that application in the event of a ruling that the Federal Court Trial Division lacks jurisdiction to deal with this matter. CNG requested that the Court not process the application for Leave to Appeal until a ruling from the Trial Division is received.

On 18 October the Federal Court Trial Division ordered that the Board discontinue the review and that Messrs. Priddle and Fredette refrain from participating in any further reviews that may be conducted regarding the Blackhorse Extension.

5. Altamont Gas Transmission Company

On 20 June 1991 Altamont Gas Transmission Company filed an application in the Federal Court Trial Division seeking an order from the Court:

- (a) quashing the 14 February 1991 decisions of the Board and the Designated Officer under the *Northern Pipeline Act* to the extent that the decisions determined that Addendum 4 to the System Design Report filed by Foothills Pipelines Ltd. with the Northern Pipeline Agency on 31 May 1990 was properly before the Agency under the *Northern Pipeline Act*;
- (b) quashing the 27 May 1991 decision of the Board amending Condition 12 of Schedule III to the *Northern Pipeline Act*; and
- (c) prohibiting or enjoining the Board, the Minister responsible for the Northern Agency, the Designated Officer under the *Northern Pipeline Act* et al from carrying out any duty or responsibility under or flowing from the *Northern Pipeline Act* in respect of a purported expansion by Foothills of the "pipeline" as defined in that Act and from making any finding or otherwise taking any action pursuant to the Board's decision dated 27 May 1991 amending Condition 12 of Schedule III to the *Northern Pipeline Act*.

The Applicant alleges that the Board and the Designated Officer erred in jurisdiction in their 14 February 1991 decisions that Addendum 4 to the System Design Report filed by Foothills was properly before the Northern Pipeline Agency under the *Northern Pipeline Act* as proposing construction of the "pipeline" within

the meaning of the Act. Rather, the Applicant alleges that the proposed construction involves the construction of a "pipeline" within the meaning of the Board's Act.

The second ground of appeal was that the Board erred in jurisdiction in its 27 May 1991 decision amending Condition 12 of Schedule III to the *Northern Pipeline Act* in that the amendment made is inconsistent with the object and purpose of the *Northern Pipeline Act*.

Subsequent to the filing of the application, the Federal Court set a trial date of 22 January 1992 for the hearing of the application in Toronto. In December 1991 Altamont withdrew its Federal Court application following a decision of the Board which stated that the Board would consider a pipeline application by Altamont on its own merits and independently of other competing applications before the Board.

6. Prophet River Indian Band

In conjunction with the commencement of the GH-6-90 public hearing to consider an application by Westcoast Energy Inc. respecting the Adsett pipeline project, the Board issued an "Environmental Screening Document" prepared pursuant to the *Environmental Assessment and Review Process Guidelines Order* ("EARP Guidelines Order"), which contained the Board's findings concerning the initial assessment of the Adsett project as required by the EARP Guidelines Order. On 11 April 1991 the Prophet River Indian Band applied to the Board for a review of those findings.

On 13 May 1991, the full Board denied the application for review by the Prophet River Indian Band on the basis that the EARP Guidelines Order does not contain a provision authoriz-

ing an initiating department to review its findings in the screening document. Nor did the Board think that it was open to the Band to utilize the statutory authority of the *National Energy Board Act* to review the Environmental Screening Document which was made in consequence of the EARP Guidelines Order. Accordingly, on 11 June 1991, the Band sought leave to appeal from the Federal Court of Appeal the decision of the Board denying its application for review.

Subsequent to the filing of the Notice of Motion for leave to appeal, interested parties were requested to file written submissions to the Federal Court. The decision of the Court on the motion is still pending.

Gas Matters

1. *Market-Based Procedure*

The Board announced on 21 August 1991 a number of proposed changes to the way it applies the Market-Based Procedure (MBP), the procedure by which the Board assesses applications for long-term licences to export natural gas. The changes are being proposed as part of the Board's ongoing efforts to maintain and improve the clarity and effectiveness of its regulatory process.

The MBP, used in the context of public hearings, consists of three parts: an Export Impact Assessment, a Complaints procedure, and Other Public Interest Considerations. The proposed changes affect the last two components.

Interested parties were required to file their comments by 15 October 1991. Interested parties wishing to comment on other parties' submissions have until 20 December to do so.

2. *Alberta and Southern Gas Co. Ltd. - Contract Amendment*

On 25 July 1991, Alberta and Southern applied to the Board for approval of an

amendment to be dated 1 August 1991 to the international sales contract between Alberta and Southern and Pacific Gas Transmission Company. The amendment would allow for direct sales to occur under Licence GL-99.

The Board approved the application on 29 July 1991.

3. *Alberta and Southern Gas Co. Ltd. - Contract Amendment*

On 31 July 1991, Alberta and Southern applied to the Board for approval of an interim pricing arrangement for the period 1 to 15 August 1991 under a gas sales contract dated 31 January 1961 between Alberta and Southern and Pacific Gas Transmission Company.

On 1 August 1991, the Board approved the interim pricing arrangement and advised Alberta and Southern that its final approval would only be issued in the event that a final executed amending agreement with the requisite finding of producer support was filed on or before 15 August 1991.

On 13 August 1991, Alberta and Southern filed the requested information and the Board gave its final approval of the amending agreement.

4. *Amoco Canada Petroleum Company Ltd. and Consolidated Edison Company of New York - Amendment to Gas Export Licence GL-127*

On 25 June 1991, Amoco and Consolidated Edison applied to the Board for approval of an amendment to Licence GL-127 so as to extend the termination date of the Licence from 31 October 2004 to 31 October 2005. The extension would not increase the volumes authorized for export under the Licence.

The Board approved the application on 19 September 1991. The amendment to the Licence requires Governor in Council approval.

5. *Canadian Occidental Petroleum Ltd. - Amendment to Gas Export Licence GL-150*

On 28 October 1991, Canadian Occidental applied to the Board for an amendment to Licence GL-150 so as to extend the termination date of the sunset clause in the Licence from 31 October 1991 to 31 October 1992.

Under Licence GL-150, the gas would have been used to fire Long Island Cogeneration Limited Partnership's cogeneration plant to be located in Old Bethage, New York.

Canadian Occidental stated in its application that the "market into which it planned to sell its gas...has collapsed" and it was therefore seeking the extension to allow it time to seek other markets for its gas.

The Board decided on 31 October 1991, in light of the fact that the market which underpinned Canadian Occidental's gas export application had failed to materialize, to deny the application.

6. *BC Gas Inc. - Amendment to Gas Export Licence GL-123*

On 1 November 1991, BC Gas applied to the Board for approval of amendments to its Licence GL-123 as follows:

- (a) extend the termination date from 30 April 1992 to 30 April 1996;
- (b) increase the daily maximum volumes from 1.7 to 2 million cubic metres;
- (c) increase the annual maximum volumes from 61.3 to 90 million cubic metres;
- (d) increase the total term volume from 184 to 610 million cubic metres;

(e) allow BC Gas to replace exported gas with thermally equivalent direct imports of natural gas through the BC Gas interconnect with the pipeline facilities proposed to be built by Huntingdon International Pipeline Corporation; and

(f) add to the Licence Huntingdon, British Columbia as a new point of export and import.

The application is currently under review.

7. *Husky Oil Operations Ltd., as agent for Canterra Energy Ltd., and Norcen Energy Resources Limited - Applications to Amend Gas Export Licences GL-114 and GL-116*

By applications respectively dated 4 and 11 June 1991, Husky and Norcen applied to the Board to amend their respective Licences GL-114 and GL-116 so as to remove certain conditions from the Licences.

The Board approved the applications on 10 October 1991. The amendment to the licences require Governor in Council approval.

8. *Husky Oil Operations Ltd - Amendment to Gas Export Licence GL-144*

On 12 September 1991, Husky applied for an amendment to Licence GL-144 so as to add Iroquois, Ontario as an export point in addition to the present point of Cornwall, Ontario.

The application is currently under review.

9. *ICG Transmission Holdings Ltd. (now Centra Transmission Holdings Inc.), Northern Minnesota Utilities, and ICG Utilities (Ontario) Ltd. (now Centra Gas Ontario Inc.) - Assign and Amend Licences GL-28, GL-29 and GL-30*

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from Centra Transmission to Northern Minnesota;
- assign Licence GL-29 from Centra Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the licence; and
- assign Licence GL-30 from Centra Transmission to Centra Gas Ontario and decrease the volume by the same amount as the volume authorized for export at Sprague and re-import at Rainy River under Licence GL-29.

Minnesota Pipelines requested the changes in the licences because it had applied to the Federal Energy Regulatory Commission to unbundle its services. FERC approved the application on 4 October 1990 and as a result Minnesota Pipelines will no longer be a buyer and seller of gas but solely a transporter of gas. In conjunction with Minnesota Pipelines' unbundling of its services, Centra Transmission will also unbundle its

services and become solely a transporter of gas.

As a result of unbundling, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

The application is currently under review.

10. *The City of Warroad - Application for an Export Order*

(Refer to item 9 above.)

In light of Minnesota Pipelines' unbundling of its services, the City of Warroad, Minnesota applied to the Board for an order to export 30 thousand cubic metres (1 million cubic feet) per day of natural gas for a 20-year period.

Currently Warroad purchases gas from Minnesota Pipelines under Licence GL-28. As a result of FERC's approval of the application of Minnesota Pipelines to unbundle its services, Minnesota Pipelines is no longer a buyer and seller of gas to Warroad, but solely a transporter. Warroad intends to purchase gas from Western Gas Marketing Limited.

The Board approved the application on 19 September 1991.

11. *KanGaz Producers Ltd. - Amend Gas Export Licence GL-77*

KanGaz applied on 27 September 1991 to amend Licence GL-77 so as to extend the termination date from

31 October 1999 to 31 October 2002 and set the volumes to be exported at 3 540 000 cubic metres per day and 1 292 100 000 annually.

The application is currently under review.

12. *Westcoast Energy Inc. - Transfer of Gas Export Licence GL-131*

On 26 June 1991, Westcoast applied to the Board for approval to transfer Licence GL-131 to Canadian Hydrocarbons Marketing Ltd.

The Board approved the application on 19 September 1991. The amendment to the Licence requires Governor in Council approval.

13. *CanStates Gas Marketing - Assign Gas Export Licence GL-137 to Gas Trade Inc. 375660 Alberta Ltd.*

By letter dated 20 February 1991, CanStates applied to the Board to transfer its Licence GL-137, which is held jointly with Transco Energy Marketing Company, from GasTrade Inc., Polysar Hydrocarbons Limited and ANG Resource Marketing Ltd., carrying on business together in partnership as CanStates Gas Marketing and Transco Energy Marketing Company, to GasTrade Inc., 375660 Alberta Ltd. and ANG Resource Marketing Ltd., carrying on business together in partnership as CanStates Gas Marketing, and Transco Energy Marketing Company.

The Board approved the application on 8 August 1991. The amendment to the Licence requires Governor in Council approval.

14. *Encogen Four Partners, L.P. - Amendment to Gas Export Licence GL-152*

Encogen applied to the Board on 17 May to amend Licence GL-152 so as to include in the Licence a condition allowing daily and annual operating tolerances of two and 10 percent, respectively.

The Board approved the application on 3 June 1991. The amendment to the Licence requires Governor in Council approval.

15. *ProGas Limited - Application to Amend Gas Export Licence GL-129*

On 15 April 1991, ProGas applied to the Board to amend Licence GL-129 by extending the termination date of the sunset clause from 31 October 1991 to 31 May 1992 and a corresponding extension to the current term of the licence from 31 October 2005 to 31 October 2006.

The Board approved the application on 12 September 1991. The amendment to the Licence requires Governor in Council approval.

16. *Western Gas Marketing Limited - Transfer and Amend Gas Export Licence GL-135*

On 7 October 1991, WGML applied to the Board for approval to transfer Licence GL-135 from WGML as agent for TransCanada PipeLines Limited to WGML. The applicant also requested that the export point be changed from Gananoque, Ontario to Iroquois, Ontario and that the sunset clause be extended from 31 October 1991 to 1 February 1992.

The Board approved the application on 24 October 1991. The amendment to the Licence requires Governor in Council approval.

Pipeline Matters

1. *Altamont Gas Transmission Canada Limited - Pipeline Construction*

On 26 July 1991, Altamont filed an application to construct a 300-metre long pipeline link between a pipeline to be built by NOVA Corporation Alberta to a proposed new pipeline in the United States.

On 25 October 1991, the Board requested additional information from Altamont.

The Board will consider the application further upon receipt of the additional information.

2. *Cochin Pipe Lines Ltd. - Pipeline Construction*

On 17 July 1991, Cochin applied for approval to construct a 3 000-metre long pipeline and the relocation of a pump station in the area affected by the Alameda Dam project in the Province of Saskatchewan. The estimated cost of the project is \$6.1 million.

The Board approved the application on 24 October 1991.

3. *Canadian Hunter Exploration Ltd. - Hiding Creek Pipeline*

Canadian Hunter applied on 10 April 1991 to construct a 3.75-kilometre natural gas pipeline. The pipeline would connect a Canadian Hunter natural gas well in British Columbia to the Elmworth gas gathering system and processing plant in Alberta. The estimated cost of the project is \$620,000.

The Board approved the application on 13 June 1991.

4. *Huntington International Pipeline Corporation - Pipeline Construction*

Huntington, a wholly owned subsidiary of BC Gas, has filed an application dated 6 November 1991 to construct two 160-metre long pipeline. the import and export pipelines would permit BC Gas to; obtain compression services at Northwest Pipeline Corporation's Sumas, Washington compressor station, obtain a secure link to the Jackson Prairie Storage facilities near Chehalis, Washington, and obtain additional diversity of gas supply from the United States. The estimated cost of the project is \$950 000.

The application is currently under review.

5. *Murphy Oil Company Limited - Pipeline Construction*

Murphy Oil filed three applications for approval of pipeline construction and for an amendment to an existing certificate. The following is a description of the three applications.

- i) On 30 July 1991, Murphy applied for approval to construct a 17 kilometre pipeline from Milk River, Alberta to the Alberta-Montana border. Murphy is also proposing to add an additional 895 kilowatts of pumping facilities and 1 600 cubic metres of storage at Milk River. The estimated cost of this project is \$2.2 million.
- ii) On 28 August 1991, Murphy applied to amend an existing certificate. The amendment proposes a 49.5 kilometre pipeline from Wrentham to Milk River, Alberta

and to increase storage at Wrentham (4 500 cubic metres). The estimated cost of this project is \$6.6 million.

- iii) On 13 September 1991, Murphy applied to construct a 29-kilometre pipeline from Fincastle to Wrentham, Alberta and a 895 kilowatt pump station at Fincastle. The estimated cost of these facilities is \$3.9 million.

On 25 October 1991, the Board sent a letter to Murphy advising it that the Board will deal with the three applications as an integrated project and that it will set the applications down for public hearing at a later date.

6. *Northern Pipe Line Company - Pipeline Construction*

On 18 November 1991, Northern Pipe Line filed an application for approval to construct a 3.3-kilometre long pipeline to cross the international border at Coutts, Alberta. The pipeline would connect a proposed Bow River pipeline to the CENEX pipeline in Montana. The estimated cost of the pipeline is \$640 000.

The application is currently under review.

7. *Petrorep (Canada) Ltd. - Pipeline Construction*

On 27 August 1991, Petrorep filed an application for the approval to construct a 13.5-kilometre long pipeline crossing the Alberta/British Columbia borders northeast of Fort St. John, British Columbia. The pipeline would connect wells in British Columbia and Alberta to Chauvco Resources Ltd.'s facilities located in Alberta. The estimated cost of the pipeline is \$1 260 000.

8. *Sumas Energy Inc. - Pipeline Construction*

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

The Board will consider the application further upon receipt of additional information.

9. *TransCanada PipeLines Limited - Sale of Pipeline to Union Gas Limited*

On 23 August 1991, TransCanada applied for leave to sell a segment of its Lines 500-1 and 500-2 to Union Gas. The sale would involve 652 metres of Line 500-1 and 660 metres of Line 500-2 located between the southern limit of TransCanada's Dawn-Tecumseh Station and Union's Dawn Compressor Station.

The Board approved the application on 3 October 1991.

10. *Westcoast Energy Inc. - Southern Mainline Looping*

On 3 April 1991, Westcoast applied for approval to construct 37.5 kilometres of pipeline loop at three locations on the southern mainline. The facilities would increase the capacity of the mainline from 43.4 to 46 million cubic metres per day. The estimated cost of the pipeline loop is \$52.5 million.

The Board considered the comments received from interested parties and the reply from Westcoast and decided on 4 July 1991 to approve the application.

11. Westcoast Energy Inc. - Pipeline Construction

On 20 November 1991, Westcoast applied for approval to construct a 60.4-kilometre long pipeline to trans-

port raw gas produced in the Tommy Lakes Field for processing at the McMahon Plant. The estimated cost of the pipeline is \$15 848 000.

The application is currently under review.

12. Westcoast Energy Inc. - Pipeline Construction

On 7 November 1991, Westcoast applied for approval to construct an

8.27-kilometre long pipeline to transport raw gas produced in the West Clark Lake Field 25 kilometres south-west of Fort Nelson to the Beaver River Pipeline on the Fort Nelson Raw Gas Transmission System. The estimated cost of the pipeline is \$1 945 000.

The application is currently under review.

13. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities.

The following lists the companies, the approximate value of the approved projects and the date of approval.

Amoco Canada Petroleum Company Ltd., on its own behalf and as agent for NGL Pipeline Ltd.	\$10 000	27 June
Canadian Hunter Exploration Ltd.	\$619 000	13 June
Consumers' Gas (Canada) Ltd.	\$210 000	1 August
Champion Pipe Line Corp. Ltd.	\$000 000	6 August
Cochin Pipe Lines Ltd.	\$472 000	22 November
Dome NGL Pipeline Limited	\$120 000	7 November
Dome Kerrobert Pipeline Ltd. and Pan Canadian Kerrobert Pipeline Ltd.	\$75 000	22 October
Foothills Pipe Lines Ltd.	\$6 700 000	6 June
Gazoduc Trans Québec & Maritimes Inc.	\$13 900	6 June
Gazoduc Trans-Québec & Maritimes Inc.	\$510 000	12 September
Interprovincial Pipe Line Company	\$1 797 900	14 November
Interprovincial PipeLine Inc.	\$1 019 100	14 November
Manito Pipelines Ltd.	\$585 000	7 November
Many Islands Pipelines (Canada)	\$10 500	12 September
Trans Mountain Pipe Line Company Ltd.	\$1 200 000	27 June
Trans Mountain Pipe Line Company Ltd.	\$700 000	29 August
TransCanada PipeLines Limited	\$4 400 000	6 June
TransCanada PipeLines Limited	\$2 400 000	13 June
TransCanada PipeLines Limited	\$187 000	27 June
TransCanada PipeLines Limited	\$809 000	12 September
Trans Northern Pipelines Inc.	\$5 000 000	1 August
Westpur Pipe Line company	\$1 800 000	25 July

14. Documentation Audit Reports

The Board has adopted Documentation Audit Reports for compliance with the Onshore Pipeline Regulations for the following companies:

Bonanza Oil and Gas Ltd.
Poco Petroleum Ltd.
SCL Québec Pipeline Inc.

18 July 1991
18 July 1991
21 November 1991

The Documentation Audit Reports are available from the Board upon request.

Traffic and Toll Matters

1. *Alberta Natural Gas Company Ltd. - Review of Tariff*

On 3 August 1989, the Board directed Alberta Natural Gas to review its gas transportation contracts with its shippers with a view to eliminating certain shortcomings, including the elimination of discriminatory tariff provisions and the establishment of clear terms of access in a published uniform tariff.

Alberta Natural Gas filed its tariff with the Board on 11 April 1990 and revised it on 30 May.

On 13 September 1990, Alberta Natural Gas requested that the Board include, as part of its tariff review process, consideration of the 18 prospective shippers on the planned expansion of the company's system.

On 6 December 1990, Alberta Natural Gas filed a revised proposed uniform tariff. The Board gave shippers until 13 December 1990 and the company until 20 December 1990 to file comments.

By letter dated 28 March 1991, the Board approved the format of the proposed tariff, with modifications, and directed Alberta Natural Gas to complete its tariff in the approved format, to complete the section on tolls, and to file the tariff with the Board by 1 June 1991 for final approval.

On 30 May, Alberta Natural Gas requested that the Board extend the date for filing the tariff to 28 June 1991.

On 11 July 1991 the Board approved the tariff.

2. *Centra Transmission Holdings Ltd. - Tariff Filing*

Centra (formerly ICG Transmission Holdings Ltd.) filed a new tariff on 30 January 1991, to become effective 15 February 1991. The company stated the tariff revision results from a \$1.2 million increase in the cost of service as a result of its 1990 system expansion to serve a new cogeneration plant at Fort Frances.

The Board received letters dated 6 February and 19 March 1991 from the Corporation of the Town of Fort Frances requesting a suspension of Centra's toll increase.

The Board denied the request from the Town on 4 April 1991, stating that, in its view, the Town's letters of 6 February and 19 March do not constitute a formal complaint.

On 29 April, the Town filed a formal complaint.

On 21 June 1991 the Board set out the procedures to follow in dealing with the complaint.

Interested parties had until 30 November 1991, later extended to 15 January 1992, to file comments on the application and Centra has until 16 December 1991, later extended to 31 January 1992, to reply to any comments received.

3. *Pacific Northern Gas Ltd. - Firm Service Agreement with Westcoast Energy Inc.*

Pacific Northern applied on 8 July 1991 for an order granting a priority to Pacific Northern to enter into a firm service agreement with Westcoast Energy Inc. effective 1 November 1991, in respect of the raw gas transmission, processing and transmission capacity on the Westcoast system.

The Board approved the application on 19 September 1991.

4. *Trans-Northern Pipelines Inc. - Class 2 Toll Adjustment*

Trans-Northern submitted an application dated 26 February 1991 for approval to increase the tolls it may charge for the transportation of refined petroleum products by 11.4 percent.

The company also requested that its existing tolls be made interim effective 1 March 1991 until the Board renders a decision on the application. The Board approved the company's request for interim tolls on 28 March 1991.

On 1 October 1991, the Board issued its decision on the application.

5. *Westcoast Energy Inc. - Hossit Pipeline Toll Surcharge*

On 30 April 1991, Unocal Canada Limited applied to the Board for a review of the surcharge currently applicable to the Hossit Raw Gas Transmission facilities. Unocal requested an adjustment to the surcharge to reflect the decision of BC Gas not to convert all of its sales operating demand to service contract demand at the Fort Nelson processing plant for the gas year beginning 1 November 1991.

On 31 October 1991, the Board decided that the surcharge should be adjusted downwards to account for BC Gas' election which makes available substantial processing capacity at the Fort Nelson plant and renders invalid a key assumption underlying the current surcharge.

6. *Westcoast Energy Inc. - Elimination of Transportation Storage Service*

On 7 November 1991, the Board approved revisions to Westcoast's Pipeline Tariff allowing the company to eliminate Transportation Storage Service-northern. Concomitant amendments to terms and conditions of the latter service will offer shippers who use an underground storage reservoir operated by Unocal in the Aitken Creek area of northeastern British Columbia operation flexibilities similar to that available under the storage service.

7. *Westcoast Energy Inc. - Application for a Deferral in Implementing Daily Billing*

On 8 August 1991, Westcoast applied to the Board for permission to defer the implementation date for daily billing as set out in Section 5.5 of the RH-1-89 Westcoast Reasons for Decision.

In the RH-1-89 Reasons for Decision, the Board expressed its expectations that Westcoast would develop during 1990 and 1991 procedures and computer software necessary to enable it to eliminate the use of unutilized service credits in Zones 3 and 4 and that, effective 1 January 1992, Westcoast would bill shippers for the actual volumes of interruptible gas taken each day in these zones during the month.

Interested parties have until 5 December to file their views on the merits of Westcoast's application. Westcoast has until 11 December 1991 to file its reply to comments received.

Oil Matters

1. *Esso Petroleum Canada - Export of Cold Lake Heavy Blend Crude Oil via Westridge Terminal*

Under the Part VI Regulations, exports of high-sulphur crude oil to be transported by marine vessels from the west coast of Canada must be authorized by a specific order issued by the Board. The high-sulphur designation refers to crude oil that has a sulphur content greater than 0.9 percent by weight. This requirement was put into effect in December 1985 to monitor air quality impact from inadvertent odor emissions.

On 6 June 1991, Esso applied to the Board for an order authorizing the export of 2 143 200 cubic metres of high-sulphur heavy crude oil in several tanker/barge shipments through Trans Mountain Pipe Line company Ltd.'s Westridge Terminal during the period 1 July 1991 through to the end of June 1993.

On 25 July 1991, the Board approved the shipments.

Electric Power Matters

1. *British Columbia Hydro and Power Authority - Amendment to Export Permit EPE-02*

By application dated 9 May 1991, B.C. Hydro requested approval of an amendment to the Electric Service Agreement dated 1 June 1976 with Puget Sound Power and Light. The approval of the amending agreement would allow for an amendment to Export Permit EPE-02 in order to increase the authorized quantities of firm power and energy to be exported from 5.2 megawatts to 7 megawatts and from 15 164 megawatt-hours to 20 000 megawatt-hours for the remaining term of the permit which expires on 30 September 1993.

The Board approved the application on 13 June 1991 and issued Amending Order AO-1-EPE-02.

2. *British Columbia Hydro and Power Authority - Amendment to Export Order ELO-251*

On 9 May 1991, B.C. Hydro applied for approval of an amendment to Export Order ELO-251 so as to allow an increase in the authorized quantities

of firm power and energy for exports under the order. The amendment would allow B.C. Hydro to increase the export of firm power from 0.3 megawatts to 2 megawatts and would increase the export of firm energy from 900 to 1 300 megawatt-hours. Order ELO 251 authorizes B.C. Hydro to export to Hyder, Alaska as a border accommodation.

The Board approved the application on 13 June 1991.

3. *British Columbia and Hydro Power Authority/POWEREX - Amendment to an Agreement with Bonneville Power Administration*

POWEREX applied on 26 August 1991 for approval of an Amendatory Agreement No.1 to the Interconnection and Exchange Agreement with Bonneville Power Administration. The amendment concerned conditions to amended exhibits, rates and transmissions losses.

The Board approved the application on 12 September 1991.

4. *Canadian Niagara Power Company - Amendment to Export Permit EPE-08*

On 1 October 1991, Canadian Niagara applied to the Board for an amendment to Export Permit EPE-08 to allow for an increase from 200 gigawatt hours to 225 gigawatt-hours of exportable firm energy in any consecutive 12 months.

The Board approved the application on 24 October 1991.

The Board approved the application on 14 November 1991.

5. *Manitoba Hydro - Agreement with Northern States Power*

By letters dated 13 and 30 October 1991, Manitoba Hydro requested approval of a Participation Power Interchange Service Agreement, a let-

ter agreement and a 500 kilovolt Coordination Agreement with Northern States Power to export up to 125 megawatts of participation power for the period from 1 November 1991 to 30 April 1992.

The Board approved the application on 31 October 1991

6. *Manitoba Hydro - Amend Certificate of Public Convenience and Necessity EC-III-16*

On 14 May 1991, Manitoba Hydro applied to the Board for approval to amend Certificate EC-III-16 so as to upgrade the terminal facilities at the Dorsey Substation in order to increase its electricity transfer capability with the United States.

On 13 June the Board sent a letter to Manitoba Hydro requesting additional information on the application.

After having reviewed the responses to the Board's information request, the Board approved the application on 12 September 1991 subject to the filing by Manitoba Hydro of certain documents related to provincial approvals..

Subsequent to the above approval, the Board received a copy of a letter from Ontario Hydro to Manitoba Hydro indicating that Ontario Hydro was not yet convinced that there would be no adverse effects on its system from the proposed upgrade. At the time the Board approved the application indications were that no neighbouring utilities objected to the proposed upgrade.

In light of Ontario Hydro's letter, the Board decided on 24 October 1991, in order to satisfy itself that the proposed upgrade would not have any unacceptable negative impact outside of Manitoba, to request that Manitoba Hydro demonstrate that Ontario Hydro and SaskPower are satisfied that there would be no adverse effects from the proposed upgrade.

7. *Manitoba Hydro-Electric Board - Application for an Export Permit*

On 29 July 1991, Manitoba Hydro applied to the Board for a permit to export firm power and energy as a border accommodation for the period ending 30 September 1994. The energy and power would be exported to Roseau Electric Co-op, a member of Minnkota Power Cooperative Inc., which in turn will supply an Indian reservation in the Northwest Angle region of Minnesota.

The Board approved the application on 26 September 1991

8. *New Brunswick Power - Amendment to Electricity Export Permit EPE-28*

On 19 September 1991, New Brunswick Power applied to amend Permit EPE-28 to change its corporate name in the Permit from "The New Brunswick Electric Power Commission" to "New Brunswick Power Corporation" and its French equivalent to "Société d'énergie Nouveau Brunswick".

The Board approved the application on 14 November 1991.

9. *TransAlta Utilities Corporation - Transfer of Certificate of Public Convenience and Necessity - EC-54*

By letters dated 2 and 12 July 1991, TransAlta applied to the Board for approval to transfer Certificate EC-54 from Southern Utilities Co. Ltd. to TransAlta.

In December 1972 the Board issued Certificate EC-54 To Southern Utilities to construct a 148-feet long 7.2 kilovolt international power line which would be used to import electricity to supply the Village of Coutts, Alberta.

The Board approved the transfer of the Certificate on 25 July.

10. The Canadian Transit Company - Export Permit Application

The Canadian Transit Company applied on 26 July 1991 for a new permit to export firm power and energy as a border accommodation for the period ending 31 August 2021. The new permit would replace an existing permit which is due to expire. The power and energy would be used to illuminate one side of the Ambassador Bridge spanning the Detroit River between Windsor, Ontario and Detroit Michigan.

The Board approved the application on 22 August 1991.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks; the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff have completed their initial investigations on these major issues and have held technical consultations with Canadian electric utilities and provincial authorities on the results of these assessments. Their comments and suggestions will be incorporated into the final technical reports. A panel of three Board Members has now been appointed to oversee the completion of the Review.

The next stage will be to complete an executive summary with options on the ways and measures to improve and encourage inter-utility cooperations and wheeling. The Board expects to release its paper for public comments in the new year.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Onshore Pipeline Regulations provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest editions of the CSA pipeline standards into the Regulations. The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, Offshore Pipelines", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the Canada Gazette on 20 April 1991. Comments on the proposed regulations were due by 20 May 1991.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new Canadian Electricity Policy. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on the draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new Canadian Electricity Policy; the regula-

tions will be resubmitted to the Department of Justice for examination, and the Governor in Council for approval.

6. *Cost Recovery Regulations*

NEB Cost Recovery Regulations were approved and made effective 1 January 1991.

As of 1 January 1991, total costs of operating the Board will be recovered from regulated companies rather than being paid out of general government revenues. The costs of operating that portion of the Board that was transferred from the Canadian Oil and Gas Lands Administration in April 1991 will continue to be paid out of general government revenues.

7. *Regulations Pertaining to Frontier Oil and Gas Activities*

On 2 April 1991, approximately 50 staff members from the Canadian Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the Oil and Gas Production and Conservation Act, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations

Canada Oil and Gas Operations Regulations

Canada Oil and Gas Diving Regulations

Canada Oil and Gas Production and Conservation Regulations

Canada Oil and Gas Spills and Debris Liability Regulations

Regulations Being Reviewed by Department of Justice

Canada Oil and Gas Geophysical Regulations

Canada Oil and Gas Diving Regulations - amendments

Regulations Being Drafted

Canada Oil and Gas Installations Regulations

Canada Oil and Gas Certificate of Fitness Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the Offshore Newfoundland Drilling Regulations have been submitted to the Department of Justice and are expected to be promulgated in July 1991, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the NEB Rules of Practice and Procedure and the schedules which form part of the rules. The Board has asked all parties to use

them, although they must still be published in the Canada Gazette before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them

in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the Canada Gazette.

Administrative Matters

Reports and Speeches

1. Canadian Energy Supply and Demand 1990 - 2010 - June 1991
2. Exports of Petroleum Products 1990 - Staff Report - April 1991
3. National Energy Board - An Introduction - November 1991
4. *Regulation in the Energy Deregulation Era*, a presentation by R. Priddle, Chairman, to the Regional Energy Law Seminar in Montreal, Quebec on 4 June 1991.
5. *Regulation: A Look at the Future*, a presentation by R. B. Horner, Board Member, to the 1991 Canadian Gas Association Administration Conference in Calgary, Alberta on 11 September 1991.
6. *Balancing the Energy Equation*, a presentation by R. Priddle, Chairman, to the Ontario Natural Gas Association 65th Annual Meeting and conference in Toronto, Ontario on 12 September 1991.

7. *Regulatory Impacts - NEB* a presentation by R. Illing, Board Member, to a Conference on Opportunities in Exporting Canadian Gas sponsored by Executive Enterprises, Inc. in Calgary, Alberta on 26 and 27 September 1991.
8. *National Energy Board Environmental Expectations*, a presentation by S. Pierce, Chief and Assistant Director, Environment Branch, to the Third Annual Environmental Issues for the Oil and Gas Industry in Calgary, Alberta on 25 October 1991.
9. *Remarks to the Implementation Workshop, Beaufort Sea Steering Committee*, a presentation by C. Bélanger, Board Member, in Inuvik, Northwest Territories on 23 July 1991.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Gordon A. Laing
Secretary

For copies of documents contact:

Regulatory Support Office (403) 292-4800

For information contact:

Denis Tremblay, Communications Officer, (403) 299-2717

Appendix I

Instructions For Filings with the National Energy Board

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
		Registered Oil Export Orders	10
(i) Certificates		(iv) Tolls	
- Pipeline	35	Class I and II Adjustments	20
- Power line	30	Interim Orders	20
(ii) Export licences or Permits		Operating and Maintenance Budgets	20
- Natural gas	35	Changes in Depreciation Rates	20
- Electricity	30	Quarterly Surveillance Reports	20
(iii) Tolls	35	New or Changed Tariffs	20
(iv) Land Acquisitions	10	Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amendments to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		(vi) Other	
Orders	15	Applications for Review	20
Licence or permit Amendments	15		
Licence or permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)299-4800; Fax (403) 292-5503.

Appendix II

NATIONAL ENERGY BOARD Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	R. Priddle	299-2724	Manager, Library	Helen Booth	299-3562
Vice-Chairman	J.-G. Fredette	299-2740	Library, Information		299-3561
Member	R. B. Horner	299-2727	Board Distribution		
Member	A. B. Gilmour	299-2733	Centre	Lorna Patterson-Smith	292-4800
Member	A. Côté-Verhaaf	299-2739	General Information		292-4800
Member	R. Illing	299-2729			
Member	C. Bélanger	299-2737			
Member	K. Vollman	299-2730			
Member	W. G. Stewart				
	(Ottawa)	990-3470	Director General	P.L. Miles	299-3154
	(Calgary)	299-2736			

ENERGY REGULATION DIRECTORATE

Economics Branch

Executive Director	R. Glass	299-2700	A/Director	G. Booth (Ottawa) (Calgary)	998-7985 299-3621
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Finance and Administration Branch

Electric Power Branch

Director	J. Klotz	299-3684	Director	A. Karas	299-3165
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Personnel Branch

Energy Supply Branch

Director	J. Thompson	299-3694	Director	G. Campbell	299-3102
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Planning and Review Branch

Gas and Oil Branch

Director	C. Scott	299-2747	A/Director	R. Choy	299-3182
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Information Technology Branch

PIPELINE REGULATION DIRECTORATE

Director	D. Emmens	299-3602	Director General	E.L.M. Gordon	299-2751
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Financial Regulation Branch

OFFICE OF THE SECRETARY

			Director	G. Caron	299-3646
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Secretary	Gordon A. Laing	299-2711	Pipeline Engineering Branch		
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Asst. Secretary, Communication	Ann Sicotte	299-2713	A/Director	J. McCarthy	299-2766
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Communications Officer	Denis Tremblay	299-2717			
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ENGINEERING DIRECTORATE

Director General	G. Yungblut	299-2788
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ENVIRONMENT DIRECTORATE

Director General	Dr. K. Sato	299-3675
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Environment and Lands Branch

Director	P. Carr	299-3665
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Pollution Control Division

Director	J. Anderson	299-3682
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Physical Environment Division

A/Director	O. Mycyk	299-3678
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Emergency Response and Financial Liability Division

Director	J. Anderson	299-3682
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Environmental Studies Research Funds

Senior Program Officer B. Nesbitt	299-3679
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RESOURCE EVALUATION DIRECTORATE

Director General	G. Campbell	299-3102
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Oil and Gas Production and Conservation Act* and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the *Canada Labour Code*.

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regulatory Agenda

Issue No. 40

1 March 1992

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Poco Petroleum Ltd. - Natural Gas Export Licences - GH-7-90*

Decision issued on 20 December 1991; Reasons for Decision expected to be issued in April 1992.

The Board approved two applications by Poco Petroleum Ltd. for licences to export natural gas. The Board considered the applications at a public hearing held in Vancouver on 23 and 24 October 1990. At the same hearing, the Board also considered an application by North Canadian Oils Ltd. for a licence to export natural gas (refer to Item 2 under *Hearing Decisions Pending*). The Board decided to issue its Decision in advance of the Reasons for Decision in response to a written request by Poco.

The first licence the Board issued, which will end nine years and two months following Governor in Council approval, authorizes Poco to export 424 900 cubic metres (15 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The gas will be used by Washington Natural Gas Company, a local distribution company serving residential, commercial and small industrial customers in the Puget Sound, Washington area.

The second licence the Board issued, which will end nine years following Governor in Council approval,

National
Energy Board



authorizes Poco to export 566 600 cubic metres (20 million cubic feet) of natural gas per day at Huntingdon. The gas will be sold to IGI Resources, Inc. which in turn will resell the gas to Intermountain Gas Company and C.P. National Corporation. Intermountain is a local distribution company serving residential, commercial and industrial customers in the states of Oregon, California and Nevada.

The Board conducted an environmental screening of the application by means of written submissions. The Board concluded that the potentially adverse environmental and social effects directly related to the proposal are insignificant or mitigable with known technology.

2. *Various Applications for Natural Gas Export Licences - GH-3-91 - Volume 1*

Reasons for Decision on some of the applications considered during a public hearing held on 25, 26 and 27 June 1991 in Calgary were issued on 23 March 1992.

The Board issued eight licences authorizing the export of some 9.1 million cubic metres (322 million cubic feet) of natural gas per day. The total volume authorized for export over the term of the licences is approximately 31 billion cubic metres (1.1 trillion cubic feet). The Board issued licences to the following companies:

- (i) **Mobil Oil Canada, Ltd.** to export at Emerson, Manitoba 563 540 cubic metres (20 million cubic feet) of natural gas per day for the period

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The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



ending 31 October 2000. The gas will be sold to Northern Natural Gas Company, a Division of Enron Corp., an interstate pipeline company which, in turn, will sell the gas to local distribution companies (LDC) in ten states in the midwest and upper midwestern United States.

(ii) **Unigas Corporation** to export at Monchy, Saskatchewan 2 820 000 cubic metres (100 million cubic feet) of natural gas per day for the period ending 1 November 2001. The gas will be sold to Northern Natural to serve its LDC customers.

(iii) **Western Gas Marketing Limited (three licences)**

(a) to export at Emerson, Manitoba 1 346 000 cubic metres (47.5 million cubic feet) of natural gas per day for the period ending on 31 October 2001. The gas will be sold to Northern Natural to serve its LDC customers.

(b) to export at Emerson, Manitoba 1 416 000 cubic metres (50 million cubic feet) of natural gas per day for the period ending 31 March 1996. The gas will be sold to Northern Natural to serve its LDC customers.

(c) to export at Monchy, Saskatchewan 708 000 cubic metres (25 million cubic feet) of natural gas per day for the period ending 31 October 2001. The gas will be sold to Northern Natural to serve its LDC customers.

(iv) **Western Gas Marketing Limited, as agent for Northern Minnesota Utilities, a Division of Utilicorp United Inc.**, to export at Sprague, Manitoba and Fort Frances, Ontario 917 800 cubic

metres (32.4 million cubic feet) of natural gas per day to Northern Minnesota Utilities for the period ending 31 October 2002. Northern Minnesota Utilities is a local distribution company in the state of Minnesota. The majority of the gas, 850 000 cubic metres (30 million cubic feet) per day, would be sold to the Boise Cascade Corporation paper mill at International Falls, Minnesota. The remainder would be used as system supply. In order to serve this market, the gas must be exported at Sprague, imported at Rainy River, Ontario and re-exported at Fort Frances. To accommodate this arrangement, the Board has decided to issue a licence which will facilitate the initial export, and an accompanying order to facilitate the import and re-export described above.

(v) **Western Gas Marketing Limited** to export at Emerson, Manitoba 283 000 cubic metres (10 million cubic feet) of natural gas per day to Northern Minnesota Utilities for the period ending 1 May 2001. The gas will be used by Northern Minnesota Utilities as system supply.

(vi) **Western Gas Marketing Limited** to export at Philipsburg, Quebec to Vermont Gas Systems, Inc. 906 000 cubic metres (32 million cubic feet) of natural gas per day for the period ending 31 October 2006. Vermont will use the gas as system supply to serve its customers in northwestern Vermont.

All licences require the approval of the Governor in Council before they may take effect.

During the hearing, the Board also considered applications for export from **Amoco Canada Petroleum Company Ltd., Canadian Occidental Petroleum Ltd., North Canadian Marketing Inc./East Georgia Cogeneration**

(Vermont) Limited Partnership, ProGas Limited, and Shell Canada Limited. (Refer to Item 1 under *Hearing Decisions Pending*.) The Board decided to issue its decisions on six of the applications at this time because the applicants had requested licences with a commencement date of 1 November 1991. The Board will issue its decisions on the remainder of the applications as soon as possible.

The Board also conducted an environmental screening of all the applications by means of written submissions. The Board concluded that the potentially adverse environmental and social effects directly related to the proposals are insignificant or mitigable with known technology.

Hearing Decisions Pending

1. *Various Applications for Gas Export Licences - GH-3-91 - Volume 2*

The Board held a public hearing on 25, 26 and 27 June 1991 in Calgary on applications from various companies for licences to export natural gas. (Refer to item 2 under *Recent Hearing Reports and Decisions*)

Decisions on the following applications are pending:

**Amoco Canada Petroleum Company Ltd.
Canadian Occidental Petroleum Ltd.
North Canadian Marketing Inc. and
East Georgia Cogeneration
(Vermont) Limited Partnership
ProGas Limited
Shell Canada Limited**

(i) **Amoco** requested a licence to export 425 thousand cubic metres (15 million cubic feet) of natural gas per day to Northern States Power Company, Wisconsin from 1 November 1992 to 31 October 2002. Northern States Power serves markets in western Wisconsin and the upper peninsula of Michigan.

(ii) **Canadian Occidental** requested a licence to export 213 thousand cubic metres (7.5 million cubic feet) of natural gas per day to Northern States Power from 1 November 1992 to 31 October 2002.

(iii) **North Canadian/East Georgia Cogeneration** requested a licence to export 193 thousand cubic metres (6.8 million cubic feet) of natural gas per day from 1 November 1992 to 31 October 2012. The gas will be used by East Georgia Cogeneration in a cogeneration plant to be constructed in East Georgia, Vermont. The Board has deferred consideration of this application pending the resolution of certain regulatory matters pertaining to East Georgia's cogeneration plant proposal.

(iv) **ProGas** filed two applications for licences to export natural gas to the United States. One application is for a licence to export 340 thousand cubic metres (12 million cubic feet) of natural gas per day to Lockport Energy Associates, L.P. from 1 November 1992 to 31 October 2007. The gas will be used by Lockport at a cogeneration facility to be constructed in Lockport, New York. The other application is for a licence to export 212 thousand cubic metres (7.5 million cubic feet) of natural gas per day to Northern States Power from 1 November 1992 to 31 October 2002.

(v) **Shell** applied for two licences to export natural gas to the U.S. Midwest. The first licence requested is for 15 years following Governor in Council approval, and for the export of 580 thousand cubic metres (20.5 million cubic feet) of natural gas per day to Salmon Resources Ltd. for resale to Midwest Gas, A Division of Iowa Public Service Company. Midwest Gas is a natural gas utility

serving customers in Minnesota, Iowa, South Dakota and Nebraska. The other licence requested is for 10 years from Governor in Council approval, and for the export of 278 thousand cubic metres (9.8 million cubic feet) of natural gas per day to Salmon Resources for resale to Enron Gas Marketing, Inc. The gas will be utilized in the U.S. Midwest.

The Board expects to issue its Reasons for Decision in April.

The Board is also conducting an environmental screening of all the applications by means of written submissions.

2. *North Canadian Oils Ltd. - Natural Gas Export Licence - GH-7-90*

The Board held a hearing on 23 and 24 October 1990 in Vancouver on an application by North Canadian Oils for a licence to export natural gas. The Board also considered at the same hearing an application by POCO Petroleum Ltd. for licences to export natural gas (refer to Item 1 under *Recent Hearing Reports and Decisions*).

North Canadian Oils proposes to export some 198 thousand cubic metres (7 million cubic feet) of natural gas per day at Emerson, Manitoba over a 15-year period. The gas would be sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In the light of information received from North Canadian Oils concerning a possible change in supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on this application until all arrangements had been finalized. North Canadian Oils was directed to inform the Board when agreements had been reached with Ada and any other supplier to the Ada project and to file a copy of the agreement with the Board and to serve it on all interested parties.

The Board is also conducting an environmental screening of the application by means of written submissions.

3. *TransCanada PipeLines Limited - 1992/93 Facilities - GH-4-91*

The Board held a hearing from 18 to 27 November 1991 in Calgary to consider an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements beginning 1 November 1992.

TransCanada's expansion includes the construction of 278.2 kilometres of pipeline parallel to its existing pipeline in Saskatchewan, Manitoba and Ontario and the relocation of three portable compressor units.

The cost of the new facilities and the relocation is estimated at \$360.4 million.

The expansion would enable TransCanada to provide 4.424 million cubic metres (156.2 million cubic feet) per day of new firm service from Empress, Alberta, of which 49 percent is destined for domestic users in eastern Canada, and 51 percent for customers in the United States.

The proposed expansion on the TransCanada system, together with additional facilities on the Union Gas Limited system, would also provide 1.062 million cubic metres (37.5 million cubic feet) per day of new firm service in southwestern Ontario from Sarnia to Niagara Falls, Ontario.

During the hearing the Board also considered an application from Northland Power for an order directing TransCanada to receive, transport and deliver gas offered to TransCanada by Northland and to provide adequate and suitable facilities for that purpose. The gas would be received by TransCanada at Empress, Alberta and delivered to the point of interconnection of the TransCanada and Centra Gas

(Ontario) Inc.'s systems for delivery to Northland's Iroquois Falls cogeneration project.

4. *Interprovincial Pipe Line Inc. - 1992 Toll Application - RH-2-91*

The Board held a public hearing from 2 December 1991 to 21 February 1992 in Calgary and Toronto to consider an application by Interprovincial to increase the tolls the Company may charge, beginning 1 January 1992, for transporting crude oil, natural gas liquids and petroleum products from Alberta to markets in Ontario and Quebec.

Interprovincial is requesting an average increase of 12 percent over the tolls currently in effect. The company is also requesting a 10.9 percent increase in its net revenue requirement, to \$348 million, and an increase in its rate of return to 13.5 percent from the current authorized 13.25 percent.

Interprovincial also applied for its deemed equity ratio to be raised to 42.5 percent from the current level of 40 percent.

Among the issues the Board examined at the hearing was the treatment of costs and toll design methodology for the Sarnia to Montreal portion of the pipeline, both in its current idled state and under a scenario where the pipeline would be reversed to allow east to west movements of crude oil.

On 28 November 1991, Interprovincial applied for an interim toll increase of 12 percent over the tolls currently in effect. On 13 December, the Board approved interim tolls 9 percent higher than the tolls currently in effect.

5. *TransCanada PipeLines Limited - 1992 Toll Application - RH-4-91*

The Board held a hearing from 18 to 21 February 1992 in Calgary on an application by TransCanada for approval of new tolls that the company may

charge, effective 1 January 1992, for the transportation of natural gas to markets in Canada and the United States.

TransCanada applied for a Firm Service Toll to the Eastern Zone which would be slightly lower than the toll approved by the Board effective 1 July 1991.

The Company requested a 20 percent increase in its revenue requirement, from \$1,196.1 million to \$1,440.7 million, and a decrease in its rate of return on common equity from 13.50 percent to 13.25 percent.

TransCanada included in its application a proposed settlement negotiated by the participants to a joint industry task force of which was a TransCanada participant. The Task Force Report contains recommendations on various issues, including rate of return on common equity, which TransCanada is requesting that the Board accept.

On 3 December 1991, the Board approved tolls, effective 1 January 1992, that the Company may charge on an interim basis, pending the Board's final decision on TransCanada's application. The interim tolls are the same as those in effect since July 1991.

Hearings in Progress

1. *Canadian Petroleum Association - Review of the GH-5-88 Reasons for Decision*

The Board commenced a hearing on 24 February 1992 in Calgary on an application dated 29 May 1991, as amended on 27 November 1991, by the Canadian Petroleum Association ("CPA") requesting that the Board review its reasons for decision in GH-5-88 with respect to the issuance of gas export Licence GL-111 issued to Alberta and Southern Gas Co. Ltd. ("Alberta and Southern"). Licence GL-111 allows Alberta and Southern to export up to 116.4 billion cubic metres

(4.1 trillion cubic feet) of natural gas between 1 November 1994 and 31 October 2005. Specifically, the CPA requested that, as a result of its review, the Board confirm the basis upon which the Board made its decision; declare that the Public Utilities Commission of the State of California ("CPUC") has acted in a manner contrary to Canadian and American energy policy, the Market-Based Procedure, the GH-5-88 decision and the Free Trade Agreement; and declare the basis upon which current and future decisions on gas exports and export-related pipeline construction will be based.

In its application of 29 May 1991, the CPA states that current actions by the CPUC to implement capacity brokering on the Pacific Gas Transmission ("PGT") pipeline system is inconsistent with the Board's decision in GH-5-88 "since it would abrogate the freely negotiated contractual undertakings upon which the GH-5-88 decision was based, would be contrary to the evidence that was relied on by the Board in reaching its decision, and would be inconsistent with the principles of Canadian and United States energy policy which formed the basis of this decision".

On 27 November 1991, following a 14 November 1991 decision by the CPUC to allow capacity brokering on the PGT system, the CPA filed an amended application.

CPA said that the decision effectively directs Pacific Gas and Electric ("PG&E") to terminate all long-term contracts with Alberta producers by October 1992.

In amending its original application, CPA asked the Board to vary all short-term export orders immediately to add a condition that prohibits deliveries into the pipeline system of PGT of any Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by Alberta and Southern for sale to PGT. It adds that the condition should continue in full

force and effect until the Board has held a hearing, made its findings and rendered a decision in respect to the CPA application.

In its hearing order, the Board requested interested parties to comment on the interim measures to be taken to prevent the potential erosion of long-term contracted natural gas exports to Northern California.

On 4 February, the Board decided, with respect to interim measures, that, effective immediately, the Board will require any company planning to export additional gas under existing short-term orders at the Kingsgate, British Columbia export point to obtain prior permission of the Board. This requirement will also apply to applicants for new short-term export orders. Affected companies will be required to file information relating, among other things, to pipeline systems to be used, the destination of the gas and the ultimate end-use customer. The Board's interim action in this case will enable it to monitor and, if appropriate, control such short-term gas exports.

The Board also immediately suspended the right of Alberta and Southern to release or transfer any part of the firm capacity that it now holds on Alberta Natural Gas Company Ltd's ("ANG") pipeline system. The interim action taken by the Board will ensure that brokering does not take place on the ANG line without leave of the Board.

These interim measures are directed at preventing short-term export arrangements from potentially displacing exports under long-term contractual arrangements. They will not restrict the total amount of exports currently authorized by the Board nor the ability of the Northern California market to receive Canadian natural gas.

The related interim orders and filing requirements are to remain in effect until the Board has completed the public hearing on the CPA's application for

review. Upon completion of the hearing, the Board will determine whether to issue final orders to protect the public interest.

2. *Trans Mountain Pipe Line Company Ltd. - 1992 Toll Application - RH-3-91*

The Board commenced a hearing on 2 March 1992 in Vancouver to consider an application by Trans Mountain to increase the tolls it may charge in 1992 for transporting crude oil and petroleum products. Some issues are being dealt with by means of a written proceeding.

Trans Mountain is requesting an increase in its tolls which would average 5 percent over the tolls currently in effect. The Company states that the increase is required, in part, to enable the Company to recover a forecast increase of 4.6 percent in its cost of service, to \$89 million, over the currently approved amount of \$85 million.

During the oral proceeding, the Board will examine the issues of allowed rate of return on common equity, the capital structure for regulatory purposes and the mechanism for adjusting the allowed cost of debt. Unless otherwise directed by the Board, all the other issues will be dealt with by way of written proceeding.

On 4 December 1991, the Board approved interim tolls effective 1 January 1992. The interim tolls approved are the same as those applied for by the Company for 1992.

Hearings Scheduled

1. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of the Blackhorse Extension Reasons for Decision - GH-R-1-92*

The Board will hold a public hearing, beginning on 11 May 1992, in Niagara Falls to review the 1991 reasons for decision of the Board that denied an

application by TransCanada to construct a pipeline, known as the Blackhorse Extension, in Southwestern Ontario.

The proposed facilities, estimated to cost \$42.4 million, would involve the construction of a 20.6-kilometre pipeline extending from the Blackhorse metering station near Thorold, Ontario to a new export point at Chippawa, Ontario. The facilities would allow TransCanada to provide export service to the proposed Empire State Pipeline which would in turn provide service to customers in Western New York.

In its May hearing, the Board will incorporate by reference the record from the 1991 hearing and hear evidence to update the record. Parties who filed an intervention in the 1991 proceeding will be automatically considered intervenors in the review hearing unless the Board is otherwise notified. Anyone else wishing to intervene in the hearing were required to file an intervention by 28 February 1992.

In order to assist parties in their understanding of the hearing process, Board staff will hold a pre-hearing public information meeting on 7 April 1992 in Niagara Falls.

2. *Westcoast Energy Inc. - 1992 Toll Application - RH-1-92*

The Board has set down for public hearing an application by Westcoast for new tolls, effective 1 January 1992, for the raw gas transmission, processing and transportation of natural gas. The hearing will be held in Vancouver beginning 30 March 1992.

Westcoast's application would result in a toll increase of 5.2 percent for service through all zones of the Westcoast system to the point of export to the United States.

The Company is requesting approval for a 16.3-percent increase in its cost of service, from \$311.7 million to \$362.6 million, and a 29-percent

increase in rate base, from \$895 million to \$1 158 million. The Company bases its increase on capital projects completed in 1991 and construction which it intends to undertake during 1992.

Westcoast is requesting a return on common equity of 13.75 percent, the same rate as that authorized by the Board for the Company in 1991.

By application dated 12 December 1991, Westcoast requested that the Board establish interim tolls effective 1 January 1992. On 19 December 1991, the Board approved interim tolls to be calculated on the basis of the 1 January 1992 tolls listed in the Company's application for 1992 tolls.

3. *Westcoast Energy Inc. - Tommy Lakes Pipeline - GH-2-92*

The Board has set down for public hearing an application by Westcoast to construct a pipeline known as the "Tommy Lakes Pipeline". The hearing will be held in Fort St. John beginning Tuesday, 24 March 1992.

Westcoast proposes to construct a 60.4-kilometre long pipeline extension to the Fort St. John gas gathering system to transport raw gas to Westcoast's Jedney pipeline for ultimate delivery to the McMahon Plant. The proposed pipeline would extend north from the Bubbles Compressor Station on the Fort St. John raw gas transmission system to a tie-in location in the eastern segment of the Tommy Lakes Field.

4. *Thirteen Applications for Natural Gas Export Licences and One Application to Transfer a Licence - GH-1-92*

The Board will commence a hearing on Tuesday, 21 April 1992 in Calgary on applications from 13 companies for licences to export natural gas and one application to transfer a gas export licence.

The applications to be considered at the hearing are described below.

(i) **AG-Energy, L.P.** has applied for a licence for 15 years and two months to export some 467 400 cubic metres (16.5 million cubic feet) of natural gas per day near Iroquois, Ontario. The gas would be used to fuel a cogeneration facility to be constructed in the City of Ogdensburg, New York.

(ii) **Canadian Hydrocarbons Marketing Inc.** has applied for a 10-year licence to export some 273 900 cubic metres (9.7 million cubic feet) of natural gas per day. The gas, to be exported at Huntingdon, British Columbia, would be used by Washington Natural Gas Company as system supply. Washington Natural is a local distribution company providing services to residential, commercial and industrial consumers in northwest Washington, including Seattle and Tacoma.

(iii) **Canadian-Montana Pipe Line Company** has applied for a 15-year licence to export some 1.4 million cubic metres (50 million cubic feet) of natural gas per day. The gas, to be exported at Aden, Alberta, would be used as system supply by Montana Power Company to serve its customers in western Montana.

(iv) **CanWest Gas Supply Inc.** has applied for a 12-year licence to export some 2.6 million cubic metres (92 million cubic feet) of natural gas per day. The gas, to be exported at Huntingdon, British Columbia, will be sold to Northwest Natural Gas Company for system supply. Northwest Natural is a local distribution company providing services to residential, commercial and industrial customers in the States of Oregon and Washington.

(v) **Enserch Development Corporation, on behalf of Encogen Northwest, L.P.**, has applied for a 15-year licence to export some 271 800 cubic metres (9.6 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to partially fuel a gas-fired combined cycle cogeneration plant to be constructed near Bellingham, Washington.

(vi) **Esso Resources Canada Limited ("ERCL"), Esso Resources Canada ("ERC"), Transco Energy Marketing Company ("TEMCO") and CanStates Gas Marketing ("CSGM")**, in a joint application, applied to the Board for:

(a) approval of the transfer by ERCL and TEMCO of gas export Licence GL-136 to TEMCO, GasTrade Inc., ANG Resource Marketing Ltd. and 375660 Alberta Ltd. carrying on business together in partnership under the name CSGM;

(b) approval of the assignment by ERC to CSGM of all of ERC's interest in a Gas Sale Contract dated 11 December 1980, as amended, which is currently between ERC and TEMCO; and

(c) approval of certain amendments to the Gas Sale Contract as set out in an agreement between TEMCO, CSGM and Alberta Natural Gas Company Ltd. dated 30 August 1991.

Licence GL-136 authorizes the export of a maximum daily volume of 2 125 000 cubic metres (75 million cubic feet) of natural gas per day near Niagara Falls, Ontario. The gas is sold to TEMCO for resale to local distribution companies.

(vii) **Husky Oil Operations Ltd.** has applied for a licence for 17 years and 3 months to export some 366 200 cubic metres (13 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

(viii) **Kamine Natural Dam Cogen Co., Inc., as managing general partner of Kamine/Besicorp Natural Dam L.P.,** has applied for a 15-year licence to export some 339 750 cubic metres (12 million cubic feet) of natural gas per day near Iroquois, Ontario. The gas would be used to fuel a natural gas-fired cogeneration facility to be located at the site of the James River paper mill in Natural Dam, St. Lawrence County, New York

(ix) Three applications were filed by **Makowski Selkirk, Inc., on behalf of Selkirk Cogen Partners II, L.P.** They have been filed jointly with **ATCOR Ltd., Esso Resources Canada Limited and Pan Canadian Petroleum Limited.** Selkirk and the three joint applicants applied for three licences to export some 1.6 million cubic metres (55 million cubic feet) of natural gas per day over a 15-year period. The gas would be exported at Iroquois, Ontario and would be used by Selkirk to produce electricity at its gas-fired combined cycle cogeneration power plant to be located in Selkirk, New York.

(x) **New York State Electric & Gas Corporation** has applied for a 12-year licence to export some 255 000 cubic metres (9 million cubic feet) of natural gas per day near Napierville, Quebec, Niagara Falls, Iroquois and Chippawa, Ontario. The gas will be used to serve NYSEG's new franchise areas in Clinton County, New York.

(xi) **Petro-Canada** has applied for a licence for 17 years and 3 months to export some 409 600 cubic metres (14.4 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to partially fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

(xii) **TransCanada PipeLines Limited** has applied for a licence for 13 years and 9 months to export some 2 785 000 cubic metres (98.35 million cubic feet) of natural gas per day near Emerson, Manitoba. The gas would be used by Great Lakes Gas Transmission Limited Partnership as compressor fuel and associated gas. The purpose of the application is to replace a licence which expired on 31 October 1991.

The Board will be conducting an environmental screening of all the applications by means of written submissions

Matters Considered by Written Submission

1. Natural Gas Exports, which the Board Approved in August 1989, from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited (GH-10-88) - GHW-2-90

The Board is conducting an environmental screening, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of the above noted proposal to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

All interested parties have provided written submissions to the Board, and Esso, Gulf and Shell have filed their reply comments. The Board is currently reviewing the submissions received.

2. Manitoba Hydro-Electric Board - Export of Electricity - EW-1-91

The Board is considering by written submission an application from Manitoba Hydro for three permits to export electricity to Northern States Power Company and United Power Association in Minnesota.

One permit is for the export of 200 megawatts to Northern States Power Company during the summer seasons (1 May to 31 October) of 1997 to 2016. The second permit is for the export of 400 megawatts to Northern States Power during the summer seasons of 1992 to 1994 and the third permit is for 150 megawatts to United Power Association during the summer seasons of 1995 to 2014.

The exports would be made in accordance with the terms of seasonal diversity agreements providing for the return of electricity to Manitoba Hydro by the purchasers during the winter season. Those agreements give Manitoba Hydro the right to purchase specific amounts of energy from its export customers when it faces "low water conditions" and requires such imports to meet its firm provincial demands and out-of-province firm commitments.

The Board requested interested parties to make their views known on the application before it determines whether to issue export permits or recommend to the Governor in Council that it designate Manitoba Hydro's application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 26 August 1991. The interventions were to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns, were due on 9 December 1991.

The Board is conducting an environmental screening of the proposed export.

Any information pertaining to the potential environmental impact of the proposed exports submitted by interested parties will be considered by the Board in arriving at its decision.

3. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation (POWEREX) - Export of Electricity - EW-2-91*

The Board is considering an application by B.C. Hydro and POWEREX for two six-year permits to export electricity to the western United States.

One permit is for the export of up to 2 300 megawatts of firm power and up to 6 000 gigawatt hours of firm energy in each year from 1 October 1991 to 30 September 1997. A second permit is for the export of up to 20 000 gigawatt hours of interruptible energy from 1 October 1991 to 30 September 1997 less the amount, if any, exported under the firm electricity export permit.

The electricity would be exported to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool.

The Board requested interested parties to make their views on the application known before determining whether to issue export permits or recommend to the Governor in Council that it designate the application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 6 September 1991. The interventions were to describe the nature of the party's

interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns are due on 11 May 1992. Any replies the Applicant may have to written submissions from interested parties are due on 26 June 1992.

The Board will advise interested parties on the procedures for the assessment of the environmental impact of the exports and the environmental screening of the proposal under the Environmental Assessment and Review Process Guidelines Order.

4. *Alberta Natural Gas Company Ltd. - System Expansion - GHW-2-91*

The Board is conducting a hearing, by means of written submission, on an application by Alberta Natural Gas to expand its pipeline system to transport additional volumes of natural gas to markets in the U.S. Pacific Northwest and California.

The proposed expansion consists of additional and modified compression facilities on the Company's three existing compressor stations in southern British Columbia, at an estimated cost of \$81.8 million.

The expansion, coupled with pipeline looping proposed by Foothills Pipe Lines (South B.C.) Ltd., would allow Alberta Natural Gas to transport an additional 26.4 million cubic metres (932 billion cubic feet) of natural gas per day to the international boundary near Kingsgate, British Columbia beginning 1 November 1993.

In the United States, the gas would be transported by a proposed expansion of

the pipeline of Pacific Gas Transmission Company.

Interventions were due on 27 September 1991. Submissions from interested parties were due on 22 November 1991. Alberta Natural Gas' responses to interested parties submissions were due on 10 January 1992.

The Board is currently reviewing the submissions received from interested parties and Alberta Natural Gas' reply to comments received.

5. *Market-Based Procedure - GHW-1-91*

The Board announced on 21 August 1991 a number of proposed changes to the way it applies the Market-Based Procedure ("MBP"), the procedure by which the Board assesses applications for licences to export natural gas. The changes are being proposed as part of the Board's ongoing efforts to maintain and improve the clarity and effectiveness of its regulatory process.

The MBP, used in the context of public hearings, consists of three parts: an Export Impact Assessment, a Complaints Procedure, and Other Public Interest Considerations. The proposed changes affect the last two components.

Interested parties were required to file their comments by 15 October 1991. Interested parties wishing to comment on other parties' submissions had until 20 December 1991 to do so. The comments received are under review.

The Board expects to release a decision in the spring of 1992.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

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| 1. Foothills Pipe Lines (Yukon) Ltd. | Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Foothills Pipe Lines (Yukon) Ltd. | Application dated 13 February 1985 for a certificate for expansion of the eastern leg of the Alaska Highway Natural Gas Pipeline System. |
| 4. Mobil Oil Canada Ltd., Petro-Canada Inc.,
Texaco Canada Resources Ltd. and
Nova Scotia Resources (Ventures) Limited | Applications dated 17 July 1985 to export natural gas (Venture Project). |
| 5. Foothills Pipe Lines Ltd. | Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline. |

Under Consideration

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|--|---|
| 6. Washington Water Power Company | Application dated 30 November 1990 for a licence to export natural gas. |
| 7. Southern California Edison Company and
AEC Oil and Gas Company, a Division of
Alberta Energy Company Ltd. | Application dated 16 January 1991 for a licence to export natural gas. |
| 8. Southern California Edison Company and
Esso Resources Canada Limited | Application dated 28 December 1990 for a licence to export natural gas. |
| 9. Southern California Edison Company and
Shell Canada Limited | Application dated 30 January 1991 for a licence to export natural gas. |
| 10. Southern California Edison Company and
Western Gas Marketing Limited | Application dated 15 January 1991 for a licence to export natural gas. |
| 11. Manitoba Hydro | Application dated 27 August 1991 to export electricity. |
| 12. Summit Resources Limited | Application dated 17 October 1991 for a licence to export natural gas. |
| 13. Poco Petroleums Ltd. | Application dated 14 November 1991 for a licence to export natural gas. |
| 14. Bow Valley Industries Ltd. and
San Diego Gas & Electric Company | Application dated 16 January 1992 for a licence to export natural gas. |
| 15. Canadian Hunter Marketing Ltd. and
San Diego Gas & Electric Company | Application dated 21 January 1992 for a licence to export natural gas. |
| 16. Husky Oil Operations Ltd. and
San Diego Gas & Electric Company | Application dated 22 January 1992 for a licence to export natural gas. |
| 17. Summit Resources Limited and
San Diego Gas & Electric Company | Application dated 22 January 1992 for a licence to export natural gas. |

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 December 1991 issue of the Agenda, the following major matters have been considered by the Board.

Reviews

(Refer to Item 1 under *Hearings in Progress* and Item 1 under *Hearings Scheduled*.)

Appeals

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal were that the Board exceeded its jurisdiction when it made the licences subject to conditions that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply the authorized exports, for which construction had not yet been authorized at the time of completion of the hearing, will have been subjected, prior to its construction, to the appropriate environmental assessment and review procedures as well as to the applicable environmental standards and guidelines in accordance with federal government

laws and regulations. Hydro-Québec argued that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to federal regulation. The appellant further holds that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argued that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council was of the view that the Board had to apply paragraph 118(b) of the Act as it read before the coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application of Le Procureur général du Québec for leave to appeal. In addition to the grounds already raised by Hydro-Québec, Le Procureur général also argues that the EARP Guidelines Order does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

On 28 November 1990, the Federal Court of Appeal granted the applications of all three appellants for leave to appeal.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

The appeals were heard in Montreal between 10 and 14 June 1991.

The Court denied the Grand Council's appeal and allowed the appeals by Le Procureur général and Hydro-Québec.

On 30 October 1991, the Grand Council and the Cree Regional Authority filed an application for leave to appeal the decision of the Federal Court with the Supreme Court of Canada.

2. *Treaty 8 Tribal Association and the Doig River Indian Band - Appeal of the Board's Decision Approving a Pipeline Project by Canadian Hunter Exploration Ltd.*

On 10 January 1991, the Tribal Association and the Indian Band filed a Notice of Motion with the Federal Court of Appeal for leave to appeal the Board's decision of 6 December 1990 to approve an application by Canadian Hunter Exploration Ltd. to construct three 1 363 metre-long segments of interprovincial pipeline.

The first ground for appeal was that the Board had denied the two groups procedural fairness by not seeking their reply to Canadian Hunter's 6 November 1990 reply to the comments previously made by the Tribal Association and the Indian Band. The second ground of appeal is that the Board failed to provide a full hearing to the Applicants whose constitutionally protected treaty rights constituting proprietary interests could not be affected without a hearing.

On 2 May 1991, the Federal Court of Appeal granted the Tribal Association and the Indian Band leave to appeal the Board's 6 December 1990 decision.

The appeal is expected to be heard in early 1992.

3. TransCanada PipeLines Limited/Western Gas Marketing Limited and Niagara Mohawk Corporation - Gananoque Extension - GH-4-90

On 12 April 1991, Niagara Mohawk and TransCanada filed a notice of motion with the Federal Court of Appeal pursuant to which they seek an order granting them leave to file an application for leave to appeal 30 days following the release of the Board's Reasons for Decision in GH-4-90.

Niagara Mohawk and TransCanada have made this motion to preserve their rights of appeal. In the absence of the order sought, it is arguable that the 30-day limitation period provided for in subsection 22(1.1) of the Act would have expired 30 days following the release on 18 March 1991 of the Board's GH-4-90 Decision with reasons to follow.

On 17 and 20 January and 4 February 1992, TransCanada, Western Gas Marketing and Niagara Mohawk, respectively, withdrew their motions.

4. Prophet River Indian Band - Appeal of the Board's Findings on the Environmental Screening of the Adsett Pipeline

In conjunction with the commencement of the GH-6-90 public hearing to consider an application by Westcoast Energy Inc. respecting the Adsett pipeline project, the Board issued an "Environmental Screening Document" prepared pursuant to the Environmental Assessment and Review Process Guidelines Order ("EARP Guidelines Order"), which contained the Board's findings concerning the initial assessment of the Adsett project as required by the EARP Guidelines Order. On 11 April 1991 the Prophet River Indian Band applied to the Board for a review of those findings.

On 13 May 1991, the Board denied the application for review by the Prophet River Indian Band on the basis that the

EARP Guidelines Order does not contain a provision authorizing an initiating department to review its findings in the screening document. Nor did the Board think that it was open to the Band to utilize the statutory authority of the National Energy Board Act to review the Environmental Screening Document which was made in consequence of the EARP Guidelines Order. On 11 June 1991, the Band sought from the Federal Court of Appeal leave to appeal the decision of the Board denying its application for review.

Subsequent to the filing of the Notice of Motion for leave to appeal, interested parties were requested to file written submissions to the Federal Court. The decision of the Court on the motion is pending.

5. TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Blackhorse Extension

By application dated 6 August 1991, the above-noted companies applied to the Federal Court of Appeal for leave to appeal the Board's 1991 decision to deny the Blackhorse Extension application. (Refer to Item 1 under *Hearings Scheduled*.) The ground for appeal was that the Board had erred in law by basing its decision on a finding that was not supported by evidence before it. In particular, the applicants cited the Board's conclusion that the proposed markets can be served in a timely fashion by less expensive and environmentally superior means. The applicants argued that this conclusion was at odds with evidence which had been adduced at the hearing.

The applicants requested the Court to defer consideration of their application pending the outcome of their application for review to the Board.

Gas Matters

1. BC Gas Inc. - Amendment to Gas Export Licence GL-123

On 1 November 1991, BC Gas applied to the Board for approval of amendments to Licence GL-123 as follows:

- (a) extend the termination date from 30 April 1992 to 30 April 1996;
- (b) increase the daily maximum volumes from 1.7 to 2 million cubic metres;
- (c) increase the annual maximum volumes from 61.3 to 90 million cubic metres;
- (d) increase the total term volume from 184 to 610 million cubic metres;
- (e) allow BC Gas to replace exported gas with thermally equivalent direct imports of natural gas through the BC Gas interconnection with the pipeline facilities proposed to be built by Huntingdon International Pipeline Corporation; and
- (f) add Huntingdon, British Columbia as a new point of export and import.

By letter dated 2 December 1991, BC Gas requested that the Board issue a long-term export/import order to replace Licence GL-123.

The application is currently under review.

2. Direct Energy Marketing Limited - Amendment to Gas Export Licence GL-132

By application dated 6 December 1991, Direct Energy applied to amend Licence GL-132 by changing the export point from Philipsburg to Highwater, Quebec and to extend the expiry date from 30 June to 31 October 2006 without increasing the term quantity authorized for export.

In addition, Direct Energy applied for the approval of a new gas sales agreement with Granite State Transmission Inc. This new agreement will replace the agreement between Direct Energy and Consolidated Fuel Company.

The application is currently under review.

3. *Husky Oil Operations Ltd - Amendment to Gas Export Licence GL-144*

On 12 September 1991, Husky applied for an amendment to Licence GL-144 so as to add Iroquois, Ontario as an export point in addition to the present point of Cornwall, Ontario.

The Board approved the application on 5 December 1991. The amendment to the licence requires Governor in Council approval before it may take effect.

4. *ICG Transmission Holdings Ltd. (now Centra Transmission Holdings Inc.), Northern Minnesota Utilities, and ICG Utilities (Ontario) Ltd. (now Centra Gas Ontario Inc.) - Assignments of and Amendments to Licences GL-28, GL-29 and GL-30*

The above-noted three companies, in a joint application dated 26 April 1990, applied to:

- assign Licence GL-28 from Centra Transmission to Northern Minnesota;
- assign Licence GL-29 from Centra Transmission to Northern Minnesota and add Sprague, Manitoba as an export point and Rainy River, Ontario as an import point. This request will not result in any increase in the volume presently authorized under the licence; and
- assign Licence GL-30 from Centra Transmission to Centra Gas Ontario and decrease the volume by the same amount as the volume authorized for

export at Sprague and re-import at Rainy River under Licence GL-29.

Minnesota Pipelines requested the changes in the licences because it had applied to the Federal Energy Regulatory Commission to unbundle its services. FERC approved the application on 4 October 1990 and as a result Minnesota Pipelines will no longer be a buyer and seller of gas but solely a transporter of gas. In conjunction with Minnesota Pipelines' unbundling of its services, Centra Transmission will also unbundle its services and become solely a transporter of gas.

As a result of unbundling, revised export authorizations are required from the Board in order to reflect the new contractual arrangements and to continue the flow of natural gas to customers.

As a result of applications by Western Gas Marketing Limited for new gas export licences to serve Northern Minnesota Utilities which were heard in GH-3-91 (refer to Item 2 under *Recent Hearing Reports and Decisions*), the ICG Transmission Holdings Ltd. request for the assignments of and amendments to Licences GL-28, GL-29 and GL-30 will be withdrawn because the Western Gas Marketing proposed exports will replace these licences.

5. *KanGaz Producers Ltd. - Amendment to Gas Export Licence GL-77*

KanGaz applied on 27 September 1991 to amend Licence GL-77 so as to extend the termination date from 31 October 1999 to 31 October 2002 and set the volumes to be exported at 3 540 000 cubic metres (122 million cubic feet) per day and 1 292 100 000 (46 billion cubic feet) annually.

The application is currently under review.

6. *TransCanada PipeLines Limited - Revocation of Gas Export Licence GL-42*

On 6 December 1991, TransCanada applied to the Board for the revocation of Licence GL-42.

Under Licences GL-21 and GL-42 TransCanada exported gas at Emerson, Manitoba and subsequently imported the same volume of gas at Sarnia or Sault Saint Marie, Ontario

By application dated 6 September 1991, TransCanada applied for a long-term export/import order to replace gas export Licences GL-21 and GL-42. On 28 October 1991, the Board approved a long-term export/import order. As the September application did not explicitly request the revocation of Licence GL-42, TransCanada by the December application is requesting such action.

The Board approved the application on 19 December 1991. The revocation order requires Governor in Council approval.

Pipeline Matters

1. *Survey on Leaks at Valve Sites*

By letter dated 6 November 1991, the Transportation Safety Board reported to the Board an incident involving a leaking valve site. The Transportation Safety Board suggested in its letter that such leaks are hazardous and that all such incidents should be reported to the NEB.

On 5 December 1991, the Board decided that an examination of the issue of leaks at valve sites may be warranted. In order that the hazards associated with gas leaks may be better understood, the Board sent a letter to all pipeline companies under its jurisdiction requesting them to provide, by 31 January 1992, information on the operating practices of gas pipeline companies regarding leaks at valve sites.

2. Altamont Gas Transmission Canada Limited - Pipeline Construction

On 26 July 1991, Altamont filed an application to construct a 300-metre long pipeline link between a pipeline to be built by NOVA Corporation Alberta to a proposed new pipeline in the United States.

On 25 October 1991, the Board requested additional information from Altamont.

The Board is currently reviewing the responses received to its information request.

3. Huntingdon International Pipeline Corporation - Pipeline Construction

Huntingdon, a wholly owned subsidiary of BC Gas Inc., has filed an application dated 6 November 1991 to construct two 160 metre-long pipelines. The import and export pipelines would permit BC Gas to obtain compression services at Northwest Pipeline Corporation's Sumas, Washington compressor station; obtain a secure link to the Jackson Prairie Storage facilities near Chehalis, Washington; and, obtain additional diversity of gas supply from the United States. The estimated cost of the project is \$950,000.

The application is currently under review.

4. Interprovincial Pipe Line Inc. - 1992 Capital Construction Program

On 4 September 1991, Interprovincial applied for approval of its 1992 Capital Construction Program at an estimated cost of \$94 million.

On 12 December 1992, the Board sent a letter to Interprovincial requesting additional information.

Portions of the application were approved on 16 January and 6 February 1992. The remainder of the application is still under review.

5. Murphy Oil Company Limited - Pipeline Construction

Murphy Oil filed three applications for approval of pipeline construction and for an amendment to an existing certificate. The following is a description of the three applications.

i) On 30 July 1991, Murphy applied for approval to construct a 17 kilometre pipeline from Milk River, Alberta to the Alberta-Montana border. Murphy is also proposing to add an additional 700 kilowatts of pumping facilities and 1 600 cubic metres of storage at Milk River. The estimated cost of this project is \$2.6 million.

ii) On 28 August 1991, Murphy applied to amend an existing certificate. The amendment proposed a 49.5 kilometre pipeline from Wrentham to Milk River, Alberta and to increase storage at Wrentham (4 500 cubic metres). The estimated cost of this project is \$6.6 million.

iii) On 13 September 1991, Murphy applied to construct a 29 kilometre pipeline from Fincastle to Wrentham, Alberta and a 895 kilowatt pump station at Fincastle. The estimated cost of these facilities is \$3.9 million.

On 25 October 1991, the Board sent a letter to Murphy advising it that the Board would deal with the three applications as an integrated project and that it would set the applications down for public hearing at a later date.

On 24 December 1991, Murphy withdrew its applications of 28 August and 13 September 1991.

On 25 February 1992, the Board approved the application of 30 July 1991.

6. Northern Pipe Line Company - Pipeline Construction

On 18 November 1991, Northern Pipe Line filed an application for approval to construct a 3.3 kilometre-long pipeline to cross the international border at Coutts, Alberta. The pipeline would connect a proposed Bow River pipeline to the CENEX pipeline in Montana. The estimated cost of the pipeline is \$640 000.

On 23 December 1991, Northern Pipe Line withdrew its application.

7. Novacorp International Pipelines Ltd. - Extension for Commencement of Construction

On 1 October 1991, Novacorp applied to the Board for an extension of the date to commence construction of a pipeline project the Board authorized in June 1988.

The pipeline project involves the construction of a 660-metre long pipeline across the Detroit River. The pipeline is intended to provide an alternate source of gas supply to the National Steel Corporation plant in the United States.

Due to ongoing regulatory and judicial proceedings in the United States, construction of the pipeline project had not commenced as of the deadline for the commencement of construction date of 31 December 1989. By two previous orders, the Board approved two extensions to the commencement of construction date to 31 December 1991.

On 12 December 1991, the Board approved a further extension to 31 December 1992.

8. Petrorep (Canada) Ltd. - Pipeline Construction

On 27 August 1991, Petrorep filed an application for the approval to construct a 13.5-kilometre long pipeline crossing the Alberta/British Columbia border

northeast of Fort St. John, British Columbia. The pipeline would connect wells in British Columbia and Alberta to Chauvco Resources Ltd.'s facilities located in Alberta. The estimated cost of the pipeline is \$1 260 000.

The Board approved the application on 2 January 1992.

9. Sumas Energy Inc. - Pipeline Construction

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

In December 1990, the Board sent a letter to Sumas requesting additional information.

The Board will consider the application further upon receipt of the additional information.

10. TransCanada PipeLines Limited - Napierville Extension

On 9 December 1991, TransCanada applied to the Board for an extension of the date to commence construction of a pipeline project the Board authorized in December 1989.

The pipeline project involves the construction of a 35.5-kilometre long pipeline and a new meter station.

Due to ongoing regulatory proceedings in the United States, construction of the pipeline project had not commenced as of the deadline for the commencement of construction date of 31 December 1991.

On 31 December 1991, the Board approved an extension to the deadline to 31 December 1993.

11. Westcoast Energy Inc. - Pipeline Construction

On 7 November 1991, Westcoast applied for approval to construct an 8.27-kilometre long pipeline to transport raw gas produced in the West Clark Lake Field 25 kilometres southwest of Fort Nelson to the Beaver River Pipeline on the Fort Nelson Raw Gas Transmission System. The estimated cost of the pipeline is \$1 945 000.

On 12 December 1991, the Board sent a letter to Westcoast requesting additional information and allowing for the filing of comments from interested parties on an expedited basis.

On 7 February 1992, the Board sent a letter to Westcoast requesting additional information with respect to Prophet River crossing.

12. Westcoast Energy Inc. - 1992 Mainline Looping

On 31 December 1991, Westcoast applied for the approval to construct four segments of loop on its mainline totalling 32.7 kilometres. The looping would increase system capacity by five percent, from 45 581 000 cubic metres (1 609 million cubic feet) to 48 020 000 cubic metres (1 695 million cubic feet) per day. The estimated cost of the project is \$39.7 million.

On 6 February 1992, the Board decided to seek comments from interested parties on the application. Interested parties were to provide their comments by 26 February and Westcoast is to reply by 4 March.

13. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The

following lists the companies, the approximate value of the approved projects, the date of approval and the order number.

1. Alberta Natural Gas Company Ltd
Approved on 10 January 1992
Estimated Cost: \$7,889,000
Order Number: XG-1-92
2. Interprovincial Pipe Line Inc.
Approved on 16 January 1992
Estimated Cost: \$10,000,000
Order Number: XO-1-92
3. Interprovincial Pipe Line Inc.
Approved on 6 February 1992
Estimated Cost: \$15,901,700
Order Number: XO-4-92
4. Manito Pipelines Ltd.
Approved on 19 February 1992
Estimated Cost: \$275,000
Order Number: XO-2-92
5. Petrorep (Canada) Ltd.
Approved on 2 January 1992
Estimated Cost: \$1,260,048
Order Number: XG-4-92
6. TransCanada PipeLines Limited
Approved on 19 December 1991
Estimated Cost: \$205,000
Order Number: XG-39-91
7. TransCanada PipeLines Limited
approved on 16 January 1992
Estimated Cost: \$1,216,000
Order Number: XG-5-92
8. Trans Mountain Pipe Line Company Ltd.
Approved on 20 December 1991
Estimated Cost: \$11,406,700
Order Number: XO-22-91
9. Westcoast Energy Inc.
Approved on 16 January 1992
Estimated Cost: \$32,766,000
Order Number: AO-4-XG-26-90
10. Westcoast Energy Inc.
Approved on 30 January 1992
Estimated Cost: \$5 313 000
Order Number: XG-2-92

11. Westcoast Energy Inc.
Approved on 30 January 1992
Estimated cost: \$5,313,000
Order Number: XG-3-92

Traffic and Toll Matters

1. Memorandum of Guidance Regarding the Participation of Board Staff in Joint Industry Task Forces on Toll, Tariff and Operations Matters

On 28 January 1992, the Board released the above-mentioned document. The Board explained that it issued the Memorandum of Guidance to ensure that its staff participation is consistent with, and maintains, the Board's role as an independent adjudicator.

2. Alberta Natural Gas Company Ltd - Rates Amendments

By letter dated 30 January 1992, Alberta Natural filed an amended tariff respecting its Statement of Effective Rates and Charges to be effective 1 February 1992. In its application, Alberta Natural indicated that it has reduced its rate of return on equity from 13.75 to 13.25 percent.

By letters dated 4 and 6 February 1992, the Independent Petroleum Association of Canada and Czar Resources Ltd., respectively, filed complaints that the requested increase in rate of return on common equity was excessive.

On 6 February 1992, the Board informed interested parties that it was reviewing the complaints and that it would advise parties of how it intends to proceed in due course. In the meantime, the Board decided that the new rates should be charged on an interim basis from 7 February 1992.

3. Centra Transmission Holdings Ltd. - Tariff Filing

On 30 January 1991, Centra (formerly ICG Transmission Holdings Ltd.) filed

a new tariff for a toll increase effective 15 February 1991. The Company stated the tariff revision results from a \$1.2 million increase in the cost of service as a result of its 1990 system expansion to serve a new cogeneration plant at Fort Frances, Ontario.

On 29 April 1991, the Corporation of the Town of Fort Frances filed a complaint with the Board in which it asked that the toll increase be suspended. The Board decided to consider the request and, on 1 August 1991, made Centra's toll interim pending a Board review of the matter.

Interested parties had until 30 November 1991, later extended to 15 January 1992, to file comments on the application and Centra had until 16 December 1991, later extended to 31 January 1992, to reply to any comments received.

On 16 December 1991, Centra requested a revision to its interim tolls, which the Board approved on 30 December 1991.

4. Westcoast Energy Inc. - Offline Service - Toll

On 1 November 1991, Westcoast filed toll schedules with an effective date of 1 November 1991 for a new Offline Service which permits Westcoast to provide existing offline sales customers with service. The filing included tolls for the new service as well as billing procedures.

On 5 December 1991, the Board decided to make the Tolls Schedules for Offline Service interim as of 1 January 1992. On the same date, the Board requested additional information from Westcoast and set the dates by which interested parties could comment on the filing.

On 30 January 1992, the Board sent a letter to Westcoast advising the company that it was satisfied with the methodology the company employed in

calculating the tolls and further advising the Company that the tolls would remain interim until the Board renders a decision on final tolls following the forthcoming Westcoast toll hearing. (Refer to Item 2 under *Hearings Scheduled*.)

5. Westcoast Energy Inc. - Application for a Deferral in Implementing Daily Billing

On 8 August 1991, Westcoast applied to the Board for permission to defer the implementation date for daily billing as set out in Section 5.5 of the RH-1-89 Reasons for Decision.

In the RH-1-89 Reasons for Decision, the Board expressed its expectation that Westcoast would develop during 1990 and 1991 procedures and computer programs necessary to enable Westcoast to eliminate the use of unutilized service credits in Zones 3 and 4 and that, effective 1 January 1992, Westcoast would bill shippers for the actual volumes of interruptible gas taken each day in these zones during the month.

Interested parties had until 5 December 1991 to file their views on the merits of Westcoast's application. Westcoast had until 11 December 1991 to file its reply to comments received.

On 19 December, the Board decided to vary its decision as contained in the RH-1-89 Reasons for Decision so as to allow the company to defer the implementation of daily billing. The Board directed Westcoast to carry out a review of its 1991-92 winter-season deliveries in order to demonstrate that the current revenue crediting procedure was not being taken advantage of by shippers who contracted for both firm and interruptible service in Zones 3 and 4 of the system. The Board directed Westcoast to file the terms of reference for the review by 14 February 1992, and file a report of the results of the review by 1 June 1992.

6. *Westcoast Energy Inc. - Import Backhaul Service*

By letter dated 3 May 1991, Westcoast filed a new toll schedule for Import Backhaul Service together with consequential amendments to its General Terms and Conditions for Service. This service would permit gas from United States sources to be delivered to Zone 4 delivery points by displacement on the Westcoast system.

On 20 December 1991, the Board approved the filing, effective 1 January 1992.

The Board considered the comments received from interested parties in arriving at its decision.

7. *Westcoast Energy Inc. - Liquid Products Stabilization and Fractionation Service*

By letter dated 21 November 1991, Westcoast filed new toll schedules and amendments to the General Terms and Conditions to implement a Liquid Products Stabilization and Fractionation Service at its McMahon processing plant. By letter dated 18 December 1991, Westcoast filed amended terms and conditions for implementing this service.

On 19 December 1991, the Board approved the toll schedules and terms and conditions on an interim basis, effective 1 January 1992. In addition, the Board decided to seek the comments of interested parties on this matter, setting 31 January 1992 as the deadline for parties to comment and 21 February 1992 for Westcoast to reply to any comments received.

8. *The Consumers' Gas Company Ltd. - Capacity Brokering on the TransCanada PipeLines Limited's System*

By letter dated 31 January 1992, Consumers' Gas explained that when it charges less for service under subshipper

agreements than the Board-approved tolls that it pays to TransCanada for service under the FS and FST contracts, it believes that it may be violating Section 69(1) of the *National Energy Board Act*. Therefore, Consumers' Gas has sought the Board's assurance that the Board would not give leave, Under Section 69(2) of the Act, for a prosecution of Consumers' Gas under Section 69(1) of the Act based on the lesser charge for service under subshipper agreements. Consumers' Gas wishes to to discount with impunity in regards to subshipper agreements and, accordingly, is seeking a "no prosecution" assurance in accordance with the Board's decision in RH-1-88 Phase II proceeding regarding capacity brokering.

The request is currently under review.

Electric Power Matters

1. *British Columbia Hydro and Power Authority - Certificate EC-III-10*

On 8 August 1991, B.C. Hydro requested approval for a change to the international power line authorized by Certificate EC-III-10 to include a phase shifting transformer at its Nelway Substation.

Certificate EC-III-10 authorized B.C. Hydro to construct and operate a 230 kilovolt international power line of approximately 167 kilometres between Canbrook, British Columbia and the United State border. Certificate EC-III-10 was amended in March 1979 to allow the construction of new terminal facilities know as the Nelway Substation.

On 12 December 1991, the Board sent a letter to B.C. Hydro requesting additional information.

2. *Manitoba Hydro - Certificate of Public Convenience and Necessity EC-III-16*

On 14 May 1991, Manitoba Hydro applied to the Board for approval to

amend Certificate EC-III-16 so as to upgrade the terminal facilities at the Dorsey Substation in order to increase its electricity transfer capability with the United States.

On 13 June 1991, the Board sent a letter to Manitoba Hydro requesting additional information on the application.

After having reviewed the responses to the Board's information request, the Board approved the application on 12 September 1991 subject to the filing by Manitoba Hydro of certain documents related to provincial approvals.

Subsequent to the above approval, the Board received a copy of a letter from Ontario Hydro to Manitoba Hydro indicating that Ontario Hydro was not yet convinced that there would be no adverse effects on its system from the proposed upgrade. At the time the Board approved the application indications were that no neighbouring utilities objected to the proposed upgrade.

In light of Ontario Hydro's letter, the Board decided on 24 October 1991, in order to satisfy itself that the proposed upgrade would not have any unacceptable negative impact outside of Manitoba, to request that Manitoba Hydro demonstrate that Ontario Hydro and SaskPower are satisfied that there would be no adverse effects from the proposed upgrade.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities, and

- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks: the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff have completed their initial investigations on these major issues and have held technical consultations with Canadian electric utilities and provincial authorities on the results of these assessments. Their comments and suggestions will be incorporated into the final technical reports. A panel of three Board Members has now been appointed to oversee the completion of the Review.

The next stage will be to complete an executive summary with options on the ways and measures to improve and encourage inter-utility cooperations and wheeling. The Board expects to release its paper for public comment in late spring.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest

editions of the CSA pipeline standards into the Regulations. It is anticipated that the proposed revisions will sent to interested parties for comment by the summer of 1992.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new Offshore Pipeline Regulations. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new Offshore Pipeline Regulations.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the *Canada Gazette* on 20 April 1991. Comments on the proposed regulations were due by 20 May 1991.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested

parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

By letter dated 14 August 1991, the Market-Based Procedure Review (refer to Item 5 under *Matters Considered by Written Submission*), the Board included as Attachment E the revised Part VI filing requirements for comment by interested parties. These comments will be considered when the Board issues the revised Regulations.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft International Power Line Crossing Regulations, the Board approved a new

draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new *Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination, and the Governor in Council for approval.

6. *Regulations Pertaining to Frontier Oil and Gas Activities*

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsi-

bilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Oil and Gas Production and Conservation Act*, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations
Canada Oil and Gas Operations Regulations
Canada Oil and Gas Diving Regulations
Canada Oil and Gas Production and Conservation Regulations
Canada Oil and Gas Spills and Debris Liability Regulations

Regulations Being Reviewed by Department of Justice

Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Diving Regulations - amendments

Regulations Being Drafted

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Certificate of Fitness Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the *Offshore Newfoundland Drilling Regulations* have been submitted to the Department of Justice and are expected to be promulgated in July 1992, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *NEB Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Reports and Speeches

1. *A Canadian Prospective on the United States Gas Market*, a presentation by C. Bélanger, Member, to the Energy Council's Global Energy & Environmental Issues Conference "World Oil and North American Gas" on 6 December 1991 in Lake Louise, Alberta.
2. *The National Energy Board Agenda*, a presentation by R. B. Horner, Member, to the U.S./Canada Crossborder Natural Gas Regulation Conference on 17 January 1992 in Calgary, Alberta.
3. *A Canadian National Energy Board Perspective on North American Gas Trade Issues*, a presentation by R. Priddle, Chairman, to the 12th Annual Natural Gas Conference on 24 January 1992 in Washington DC.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-to, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

L1: Everything the Board issues
L4: Oil and Gas matters
L5: Electrical matters
L6: Annual Reports only
L7: Press Releases only
L8: Regulatory Agendas only
L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



Gordon A. Laing
Secretary

For copies of documents contact:

Regulatory Support Office (403) 292-4800

For information contact:

Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

Number of Copies Required for Filings

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
Pipeline	35	(iv) Tolls	
Power line	30	Class I and II Adjustments	20
(ii) Export licences or Permits		Interim Orders	20
Natural gas	35	Operating and Maintenance Budgets	20
Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amendments to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		(vi) Other	
Orders	15	Applications for Review	20
Licence or permit Amendments	15		
Licence or permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503

Appendix II

Selected List of Telephone Numbers

(Area Code 403 except where otherwise indicated)

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726

Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Carol-Lynn Power	299-2741

Member	R. Byron Horner	299-2727
Secretary	Mona Butler	299-2728

Member	A. Boyd Gilmour	299-2733
Secretary	Mary Lou Scharf	299-2734

Member	Anita Côté-Verhaaf	299-2739
Secretary	Deborah Larch	299-2738

Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728

Member	Céline Bélanger	299-2737
Secretary	Deborah Larch	299-2738

Member	Kenneth W. Vollman	299-2730
Secretary	Mary Lou Scharf	299-2734

Member	William Gerald Stewart	
(Ottawa)		613-990-3470
(Calgary)		299-2736
Secretary	Gloria Bell	613-990-3471

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Finance and Administration Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

Personnel Branch

Director	Jim Thompson	299-3694
Secretary	Marie-Josée Mercier	299-3695

Planning and Review Branch

Director	Claire Scott	299-2747
Secretary	Janus Ritchie	299-2748

Information Technology Branch

Director	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603

OFFICE OF THE SECRETARY

Secretary	Gordon A. Laing	299-2711
Admin. Coordinator	Rita Bargetzi	299-2715

Asst. Secretary, Regulatory	Vacant	
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Asst. Secretary, Communications	Ann Sicotte	299-2713
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Communications Officer	Denis Tremblay	299-2717
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Communications Officer	Shauna Peets	299-2719
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Communications Officer	Ross Hicks	299-3930
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Manager, Library	Helen Booth	299-3562
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Library, Information		299-3561
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Board Distribution Centre	Lorna Patterson	292-4800
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General Information		292-4800
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ENERGY REGULATION DIRECTORATE

Director General	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Economics Branch

A/Director	Glenn Booth	
(Ottawa)		998-7985
(Calgary)		299-3621
Secretary	Colleen Holt	299-3622

Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166

Chief of Generation Planning	Alex Pennman	299-3180
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Chief, Regulatory	Ivan Harvie	299-3167
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Chief, Power System Planning		
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Gas and Oil Branch

A/Director	Raymond Choy	299-3189
Secretary	Pat Connolly	299-3185

Asst. Director and Chief, Market Analysis and Export Surveillance	Raymond Choy	299-3189
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Chief, Gas Export	Denis Dubuc	299-3186
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Chief, Transportation and Oil Exports	Hans Pols	299-3195
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Financial Regulation Branch

Director	Gaétan Caron	299-3646
Secretary	Ruth Grennville	299-3648

A/Asst. Director (Foothills, TQM)	Aideen Brown	299-3657
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A/Chief (IPL, IPL(NW))	Dan Grunig	299-3649
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Chief (Westcoast)	Albert Fung	299-3662
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A/Chief (TCPL)	Barry Branston	299-3650
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A/Chief (TMPL, TNPL, ANG, Cochin, Group 2 Pipelines)	David Craib	299-3651
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ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752

Drilling and Production Engineering

Director - Drilling	Fred Lepine	299-2790
Secretary	Linda Quast	299-2789

Director - Production	Terry Baker	299-2792
Secretary	Margaret Villeneuve	299-2787

A/Chief Production Facilities	Stephen Lord	299-2797
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Special Advisor - Diving Manager, Northern Region, Yellowknife, N.W.T.	Jan Merta	299-2791
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	Morris Thomas	403-920-8175
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Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Melanie Gnyp	299-2758
Secretary	Nadine Boudreau	299-2760

Asst. Director and Chief, Gas Pipelines West	Scott Richardson	299-2776
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A/Chief, Gas Pipelines East	Paul Trudel	299-2768
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Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
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A/Chief, Safety	Jake Abes	299-2777
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ENVIRONMENT DIRECTORATE

Director General	Dr. Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680

Environment and Lands Branch

Director	Peter Carr	299-3665
A/Secretary	Geraldine Metcalf	299-3666

Asst. Director and Chief, Environment	Steve Pierce	299-3668
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Chief, Operational Programs	Gord Higginson	299-3672
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Chief, Regulatory Affairs	Vacant	
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Pollution Control Division

Director	Jim Anderson	299-3682
Secretary		

Physical Environment Division

A/Director	O. Mycyk	299-3678
Secretary		

Emergency Response and Financial Liability Division

Director	Jim Anderson	299-3682
Secretary		

Environmental Studies Research Funds

Manager	Bruce Young	299-3860
Secretary		

ENERGY RESOURCES DIRECTORATE

Director General	Graham Campbell	299-3102
Secretary	Carole Gauthier	299-3103

**Crude Oil, NGL
and Coal Supply Division**

A/Chief	Gerrit Hos	299-3120
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Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Chief	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

Chief	Cliff Gemeroy	299-3138
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Operations and Reserves

A/Chief	Giles Morrell	299-3117
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Production Engineering Division

Director	Terry Baker	299-3103
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LAW BRANCH

General Counsel	Judith Snider	299-2703
Secretary	Lillian Handleman	299-2704

Assistant General Counsel	Richard Graw	299-2705
Secretary	Maureen Cooley	299-3551

Counsel	John Syme	299-2709
Counsel	Margery Fowke	299-2708
Counsel	Peter Noonan	299-3552
Counsel	Nadia Bouffard	(613) 998-7181

National Energy Board



Office national de l'énergie

23 March 1992

TO: Parties Named in the Attached Distribution List

Re: Incentive Rate Regulation

The Board has been considering how best to examine the potential for incentive rate regulation of federal jurisdiction pipelines in Canada. The Board believes that a public consultation to review the subject would be a useful first step. Such a consultation would include an examination of:

- (i) existing methodologies; and
- (ii) alternatives to traditional cost of service regulation, for instance new methodologies for promoting and rewarding efficiency in pipeline companies' operations.

The Board would invite interested parties to present papers and would sponsor a workshop with opportunity for questions and discussion in a non-legal setting. The papers and the workshop proceedings would be published. The concepts developed could then be used in subsequent toll hearings, where they could be combined and tailored to the circumstances of the applicant's pipeline.

Before initiating such a consultation, the Board would appreciate receiving your views on the likely extent and nature of your participation, and any specific suggestions on format and timing of the process. A tentative timetable is attached. Comments should be filed by 24 April 1992.

Questions on this matter should be directed to Gaétan Caron, Director, Financial Regulation Branch, (403) 299-3646.

Yours truly,

A handwritten signature in dark ink, appearing to read 'G.A. Laing', with a stylized flourish at the end.

G.A. Laing
Secretary

Attach.

DISTRIBUTION LIST

Associations

Council of Forest Industries of British Columbia
Canadian Chemical Producers' Association
Canadian Petroleum Association
Export Users Group
Industrial Gas Users Association
Independent Petroleum Association of Canada
Northwest Industrial Gas Users
Ontario Natural Gas Association
Small Explorers and Producers Association of Canada

Provincial Governments

The Province of British Columbia
Alberta Petroleum Marketing Commission
Attorney General for the Province of Saskatchewan
Attorney General for the Province of Manitoba
Minister of Energy for Ontario
Le Procureur général du Québec

Group I Pipelines

Alberta Natural Gas Company Ltd
Foothills Pipe Lines Ltd.
Gazoduc Trans Québec & Maritimes
TransCanada PipeLines Limited
Westcoast Energy Inc.
Cochin Pipe Lines Ltd.
Interprovincial Pipe Line Inc.
Interprovincial Pipe Line (NW) Ltd.
Trans Mountain Pipe Line Company Ltd.
Trans-Northern Pipelines Inc.

Others

Air Canada
Alberta & Southern Gas Company Ltd.
B.C. Gas Inc.
Canadian Air Lines International Ltd.
CanWest Gas Supply Inc.
Centra Gas Manitoba Inc.
Centra Gas Ontario Inc.
The Consumers' Gas Company Ltd.
Gaz Métropolitain, Inc.
Pan-Alberta Gas Ltd.
ProGas Ltd.
Union Gas Limited
Western Gas Marketing Limited

ATTACHMENT II

INCENTIVE RATE REGULATION CONSULTATIONS

Tentative Timetable

28 May 1992	National Energy Board issues discussion paper ¹ on incentive rate regulation and "List of Questions to be Addressed" by parties.
31 August 1992	Interested parties submit position papers and/or responses to the Board's "List of Questions to be Addressed".
24 September 1992	National Energy Board releases a "List of Issues" to be debated at the technical workshop.
27 October 1992	Technical workshop held in Calgary.
December 1992 or Early 1993	National Energy Board publishes proceedings of the 27 October 1992 technical workshop, and general conclusions.

NOTE:¹

The discussion paper would include a general description of incentive rate regulation schemes implemented or considered for implementation in other jurisdictions. The paper would not attempt to evaluate the various schemes, but may provide some comments regarding apparent strengths and weaknesses of specific methodologies.

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the Oil and Gas Production and Conservation Act and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
311 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

Regulatory Agenda

Issue No. 41

1 June 1992

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Alberta Natural Gas Company Ltd - System Expansion - GHW-2-91*

Reasons for Decision dated May 1992; issued 21 May 1992.

The Board has approved an application by Alberta Natural Gas Company Ltd to expand its pipeline system in southern British Columbia to serve markets in California and the U.S. Pacific Northwest.

The approved facilities will consist of additional and modified facilities at ANG's three existing compressor stations, at an estimated cost of \$82 million. The ANG expansion, together with a planned facilities expansion by Foothills Pipe Lines (South B.C.) Ltd. that is estimated to cost \$105 million, is designed to increase export capacity at Kingsgate, British Columbia by 24.7 million cubic metres (872 million cubic feet) per day. The targeted in-service date is 1 November 1993.

The expansion is part of an overall expansion of the existing Alberta to northern California natural gas transmission system owned, from north to south, by ANG and Foothills (South B.C.), Pacific Gas Transmission Company, and Pacific Gas & Electric Company. The cost of the U.S. portion of the project is estimated at \$1.6 billion (U.S. dollars).

The written hearing the Board conducted on the application attracted submissions from 26 interested parties, including the major industry associations and the majority of the expansion shippers.

The Board conducted an environmental screening of the proposal in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposal, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

2. *North Canadian Oils Ltd. - Natural Gas Export Licence - GH-7-90*

Reasons for Decision dated March 1992; issued on 23 April 1992.

The Board denied an application by North Canadian Oils for a licence to export natural gas. The Board considered the application at a public hearing held in Vancouver, British Columbia on 23 and 24 October 1990. At the same hearing, the Board considered an export application by Poco Petroleum Ltd. The Board approved that application on 20 December 1991. (Refer to Issue Number 40 of the Regulatory Agenda dated 1 March 1992.)

NCO was proposing to export some 198 thousand cubic metres (7 million cubic feet) of natural gas per day at Emerson, Manitoba over a 15-year period. The gas would have been sold to Ada Cogeneration Limited Partnership for use at its cogeneration plant in Ada, Michigan.

In the light of information received from NCO concerning a possible change in

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National
Energy Board



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



supply arrangements for the Ada project, the Board decided on 14 January 1991 to suspend deliberation on this application until all arrangements had been finalized. The company was directed to inform the Board when agreements had been reached with Ada and any other supplier to the Ada project and to file a copy of the agreement with the Board and to serve it on all interested parties.

The company did not respond to the Board's letter, and the record of the hearing with respect to the application was incomplete. As a result of the fact that the evidence filed in support of NCO's application was no longer valid, the Board was unable to assess the application with respect to its main components i.e. supply, markets and transportation, therefore, the Board decided that it could not issue a licence based on the record and accordingly denied NCO's application.

3. TransCanada PipeLines Limited - 1992/93 Facilities - GH-4-91

Reasons for Decision dated April 1992; issued on 20 May 1992.

The Board approved an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements beginning 1 November 1992. The Board considered the application at a public hearing held in Calgary from 18 to 27 November 1991.

TransCanada's expansion includes the construction of 278.2 kilometres of pipeline parallel to its existing pipeline in Saskatchewan, Manitoba and Ontario and the relocation of three portable compressor units.

The cost of the new facilities and the relocation is estimated at \$357 million.

The expansion will enable TransCanada to provide 3.29 million cubic metres (116.1 million cubic feet) per day of new

firm service from Empress, Alberta. Of this, 31 percent is destined for users in eastern Canada, and 69 percent for customers in the United States.

The expansion on the TransCanada system, together with additional facilities on the Union Gas Limited system, will provide 1.06 million cubic metres (37.5 million cubic feet) per day of new firm service in southwestern Ontario from Sarnia to Niagara Falls, Ontario.

The Board conducted an environmental screening of the proposal in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposal, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

During the hearing, the Board also considered an application from Northland Power for an order directing TransCanada to receive, transport and deliver gas offered to TransCanada by Northland and to provide adequate and suitable facilities for that purpose. The gas would have been received by TransCanada at Empress, Alberta and delivered to the point of interconnection of the TransCanada and Centra Gas (Ontario) Inc.'s systems for delivery to Northland's Iroquois Falls cogeneration project. On 7 February 1992, Ontario announced that it intended to delay the purchase of electricity from Northland's project at Iroquois Falls. In the light of this announcement, the Board was not satisfied that Northland had demonstrated the need for the requested facilities at this time and has denied its application.

4. TransCanada PipeLines Limited - 1992 Toll Application - RH-4-91

Reasons for Decision dated March 1992; issued on 30 April 1992.

The Board approved new tolls that the company may charge as of 1 April 1992.

The Board considered the application at a public hearing held in Calgary from 18 to 21 February 1992.

As in its previous application filed with the Board for 1991 tolls, TransCanada convened a Joint Industry Task Force to resolve issues arising from the application. The Task Force was composed of various shippers, producers, industry associations, distributors, provincial government representatives and other interested parties. The process adopted by the Task Force resulted in a relatively brief hearing as many issues were deferred to the next TransCanada toll proceeding and solutions to other issues were arrived at by the Task Force participants and adopted by TransCanada in its application.

The approved 1992 revenue requirement, net of miscellaneous revenue, is \$1,439.6 million, or \$1.7 million less than the 1992 revenue requirement applied for by TransCanada.

The Board also approved a rate of return on common equity of 13.25 percent that was the result of a negotiated settlement between certain Task Force participants. No party to the hearing opposed the proposed rate of return.

The Board also approved an increase of two percent in departmental and general expenses over those approved in the 1991 TransCanada Reasons for Decision. The level of this increase was also a result of the settlement.

The decision results in tolls to the Eastern Zone of the TransCanada system which are 2.9 percent higher than the average tolls in effect in 1991.

5. Various Applications for Gas Export Licences - GH-3-91 - Volume 2

Decision issued on 30 March 1992; Reasons for Decision expected to be released in early June.

The Board approved and issued six licences to four companies for the export

of some 2 million cubic metres (72 million cubic feet) of natural gas per day over periods ranging from 10 to 15 years. The total volume authorized for export over the term of the licences is approximately 9.1 billion cubic metres (323.3 billion cubic feet).

The Board considered the applications at a public hearing held on 25, 26 and 27 June 1991 in Calgary.

The Board issued one licence to each of Amoco Canada Petroleum Company Ltd. and Canadian Occidental Petroleum Ltd. and two licences to each of ProGas Limited and Shell Canada Limited. The Board decided that it would not give further consideration to a joint application by North Canadian Marketing Inc./East Georgia Cogeneration (Vermont) Limited Partnership until such time as East Georgia Cogeneration has advised the Board that it has resolved the outstanding matters pertaining to the issuance of a Certificate of Public Good for its cogeneration project by the Vermont Public Service Board.

The Board issued licences to the following companies:

Amoco to export at Emerson, Manitoba 424 900 cubic metres (15 million cubic feet) of natural gas per day for the period ending 31 October 2002. The gas will be sold to Northern States Power Company, a Wisconsin Corporation ("NSPW"), a local distribution company ("LDC") to serve its customers in western Wisconsin and the upper peninsula of Michigan.

Canadian Occidental to export at Emerson, Manitoba 212 500 cubic metres (7.5 million cubic feet) of natural gas per day for the period ending 31 October 2002. The gas will be sold to NSPW to serve its customers in western Wisconsin and the upper peninsula of Michigan.

ProGas was issued two licences. The first was for export at Niagara Falls,

Ontario of 339 934 cubic metres (12 million cubic feet) per day of natural gas for the period ending 31 October 2007. The gas will be sold to Lockport Energy Associates, L.P. and will be used to fuel a cogeneration facility in Lockport, New York. In conjunction with the licence being issued to ProGas, the Board also amended ProGas' existing natural gas export Licence GL-129 by reducing the quantities authorized under that licence by the amount included in the new licence. The second licence authorizes the export at Emerson, Manitoba of 212 458 cubic metres (7.5 million cubic feet) per day of natural gas for the period ending 31 October 2002. The gas will be used by NSPW to serve its customers in western Wisconsin and the upper peninsula of Michigan.

Shell was also issued two licences. The first was for export at Monchy, Saskatchewan of 580 000 cubic metres (20 million cubic feet) per day of natural gas for 15 years. The gas will be sold to Salmon Resources Ltd for resale to Midwest Gas, a Division of Iowa Public Service Company. Midwest Gas is a transmission and distribution company serving customers in the four midwestern states of Minnesota, Iowa, South Dakota and Nebraska. The second licence authorizes the export, also at Monchy, of 278 000 cubic metres (9.8 million cubic feet) per day of natural gas for 10 years. The gas will be sold to Salmon Resources for resale to Enron Gas Marketing, Inc. Enron buys and sells gas across the United States. The gas it will purchase from Shell will likely be used in the U.S. midwest.

The Board conducted an environmental screening of the proposal in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposals, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

6. Westcoast Energy Inc. - Tommy Lakes Pipeline - GH-2-92

Reasons for Decision dated April 1992; issued on 14 May 1992.

The Board approved an application by Westcoast to construct a pipeline known as the "Tommy Lakes Pipeline". The Board considered the application at a hearing held in Fort St. John on 24 March 1992.

The approved facilities will consist of approximately 60 kilometres of pipeline extension to the Fort St. John gathering system. The estimated cost of the new facilities is \$16 million. This pipeline will be used to transport raw gas to Westcoast's Jedney pipeline for ultimate delivery to the McMahon Plant at Taylor, British Columbia. The proposed pipeline will extend north from the Bubbles Compressor Station on the Fort St. John raw gas transmission system to a tie-in location in the eastern segment of the Tommy Lakes Field. The Board also approved a monthly surcharge requested by Westcoast for the provision of raw gas transmission service through the planned facilities.

The Board conducted an environmental screening of the proposal in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposal, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

Hearing Decisions Pending

1. Canadian Petroleum Association - Review of the GH-5-88 Reasons for Decision

The Board held a public hearing from 24 February to 12 March 1992, in Calgary on an application dated 29 May 1991, as

amended on 27 November 1991, by the Canadian Petroleum Association ("CPA") requesting that the Board review its Reasons for Decision in GH-5-88 pertaining to the issuance of Licence GL-111 to Alberta & Southern Gas Co. Ltd. ("Alberta & Southern"), which had the effect of extending Licence GL-99 previously issued to Alberta & Southern. Licence GL-111 allows Alberta & Southern to export up to 116.4 billion cubic metres (4.1 trillion cubic feet) of natural gas between 1 November 1994 and 31 October 2005. The amended application requested that the Board take immediate action to counteract the effects of recent actions and decisions of the Public Utilities Commission of the State of California ("CPUC") and in particular, the decision of the CPUC dated 6 November 1991 respecting the rules for the implementation of capacity brokering in California.

Specifically, the CPA requested that the Board should determine and declare that the actions of the CPUC since the issuance of the GH-5-88 Decision are contrary to the intent of Canadian and United States energy policy, the Market-Based Procedure, the GH-5-88 Decision and the Canada-United States Free Trade Agreement. Furthermore, the Board should immediately vary all short-term export orders to prohibit deliveries into the pipeline system of Pacific Gas Transmission Company ("PGT") of any Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by Alberta & Southern for sale to PGT and to immediately convene a public hearing to conduct a review of the GH-5-88 Decision in light of the changed circumstances and new facts that have arisen since the Board issued the Reasons for Decision.

The CPA also requested that immediately following such a public hearing the Board confirm and reiterate that the continuation and extension of License GL-99 by Licence GL-111 were authorized by the Board in accordance with the Market-Based Procedure in reliance

upon freely-negotiated long-term contracts; direct that such long-term contracts shall govern the export of Canadian gas to the Northern California market until restructuring of those contracts is completed and all necessary regulatory approvals have been obtained; and to make final the order conditioning all short-term export orders to prohibit deliveries into the pipeline system of PGT of any Canadian gas destined for utilization in the Northern California market that is not presently contracted by A&S for sale to PGT until such time as the restructuring of long-term contracts has been completed.

On 4 February 1992, the Board issued, as interim measures pending the outcome of the hearing, two interim orders. One order required that any company planning to export additional natural gas at Kingsgate, British Columbia and any applicant for short-term export orders for the same export point obtain prior permission of the Board. The second order suspended the right of shippers on Alberta Natural Gas Company Ltd to release or transfer any portion of their firm capacity on the ANG pipeline system.

The Board expects to release its Reasons for Decision in June 1992.

2. *Interprovincial Pipe Line Inc. - 1992 Toll Application - RH-2-91*

The Board held a public hearing from 2 December 1991 to 21 February 1992 in Calgary and Toronto to consider an application by Interprovincial to increase the tolls the company may charge, beginning 1 January 1992, for transporting crude oil, natural gas liquids and petroleum products from Alberta to markets in Ontario and Quebec.

Interprovincial is requesting an average increase of 12 percent over the tolls currently in effect. The company is also requesting a 10.9 percent increase in its net revenue requirement, to \$348 million, and an increase in its rate of return

to 13.5 percent from the currently authorized 13.25 percent.

Interprovincial also applied for its deemed equity ratio to be raised to 42.5 percent from the current level of 40 percent.

Among the issues the Board examined at the hearing was the treatment of costs and toll design methodology for the Sarnia to Montreal portion of the pipeline, both in its current idled state and under a scenario where the pipeline would be reversed to allow east to west movements of crude oil.

On 28 November 1991, Interprovincial applied for an interim toll increase of 12 percent over the tolls currently in effect. On 13 December, the Board approved interim tolls 9 percent higher than the tolls currently in effect.

The Board expects to release its Reasons for Decision in June 1992.

3. *Trans Mountain Pipe Line Company Ltd. - 1992 Toll Application - RH-3-91*

The Board held a public hearing from 2 to 27 March 1992 in Vancouver and Calgary to consider an application by Trans Mountain to increase the tolls it may charge in 1992 for transporting crude oil and petroleum products. Some issues are being dealt with by means of a written proceeding.

Trans Mountain is requesting an increase in its tolls which would average 5 percent over the tolls currently in effect. The company stated that the increase is required, in part, to enable the company to recover a forecast increase of 4.6 percent in its cost of service, to \$89 million, over the currently approved amount of \$85 million.

During the oral proceeding, the Board examined the issues of allowed rate of return on common equity, the capital structure for regulatory purposes, the mechanism for adjusting the allowed

cost of debt, tolling methodology for new facilities and the method used to forecast throughputs.

On 4 December 1991, the Board approved interim tolls effective 1 January 1992. The interim tolls are the same as those applied for by the company for 1992.

The Board expects to issue its reasons for decision in July 1992.

4. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of the Blackhorse Extension Reasons for Decision - GH-R-1-92*

The Board held a public hearing from 11 to 14 May 1992 in Niagara Falls and on 20 and 21 May 1992 in Calgary, Alberta to review the 1991 decision of the Board to deny an application by TransCanada to construct a pipeline, known as the "Blackhorse Extension", in southwestern Ontario.

The proposed facilities, estimated to cost \$39.1 million, would involve the construction of a 20.6-kilometre pipeline extending from the Blackhorse metering station near Thorold, Ontario to a new export point at Chippawa, Ontario. The facilities would allow TransCanada to provide export service to the proposed Empire State Pipeline which would in turn provide service to customers in western New York.

In the hearing, the Board incorporated by reference the record from the 1991 hearing and heard evidence to update the record.

In order to assist parties in their understanding of the hearing process, Board staff held a pre-hearing public information meeting on 7 April 1992 in Niagara Falls.

The Board expects to issue its reasons for decision in June 1992.

5. *Westcoast Energy Inc. - 1992 Toll Application - RH-1-92*

The Board held a public hearing from 30 March to 7 May 1992 in Vancouver and Calgary on an application by Westcoast for new tolls to be effective 1 January 1992 for raw gas gathering and processing and transportation of natural gas.

Westcoast's application would result in a toll increase of 6.2 percent for a typical movement of gas through all zones of the Westcoast system to the point of export to the United States.

In its application, as amended, the company requested approval for a 21.2-percent increase in its cost of service, from \$302 million to \$365.9 million, and a 29-percent increase in average rate base, from \$902 million to \$1 144 million. The company bases its increase on capital projects completed in 1991 and construction which it intends to undertake during 1992.

Westcoast is requesting a return on common equity of 13.75 percent, the same rate as that authorized by the Board for the company in 1991.

By application dated 12 December 1991, Westcoast requested that the Board establish interim tolls effective 1 January 1992. On 19 December 1991, the Board approved interim tolls to be calculated on the basis of the 1 January 1992 tolls listed in the company's application for 1992 tolls.

The Board expects to issue its Reasons for Decision by August 1992.

6. *Westcoast Energy Inc. - Southern Mainline Looping - GH-3-92*

The Board held a public hearing from 25 to 28 May 1992 in Calgary on an application by Westcoast to construct four segments of loop totalling 32.7 kilometres on its mainline.

The looping would increase system capacity by five percent, from

45 864 000 cubic metres (1 619 million cubic feet) to 48 329 000 cubic metres (1 706 million cubic feet) per day. The estimated cost of the project is \$39.7 million.

The Board is also conducting an environmental screening of the project.

The Board expects to issue its Reasons for Decision in July 1992.

7. *Thirteen Applications for Natural Gas Export Licences and One Application to Transfer a Licence - GH-1-92*

The Board held a public hearing on 21, 22 and 23 April 1992 in Calgary on applications from 13 companies for licences to export natural gas and one application to transfer a gas export licence.

The applications considered at the hearing are described below.

(i) **AG-Energy, L.P.** applied for a licence for 15 years and two months to export some 467 400 cubic metres (16.5 million cubic feet) of natural gas per day near Iroquois, Ontario. The gas would be used to fuel a cogeneration facility to be constructed in the City of Ogdensburg, New York.

(ii) **Canadian Hydrocarbons Marketing Inc.** applied for a 10-year licence to export some 273 900 cubic metres (9.7 million cubic feet) of natural gas per day. The gas, to be exported at Huntingdon, British Columbia, would be used by Washington Natural Gas Company as system supply. Washington Natural is a local distribution company providing services to residential, commercial and industrial consumers in northwest Washington, including Seattle and Tacoma.

(iii) **Canadian-Montana Pipe Line Company** applied for a 14-year

licence to export some 1.4 million cubic metres (50 million cubic feet) of natural gas per day. The gas, to be exported at Aden, Alberta, would be used as system supply by Montana Power Company to serve its customers in western Montana.

(iv) **CanWest Gas Supply Inc.** applied for a 12-year licence to export some 2.6 million cubic metres (92 million cubic feet) of natural gas per day. The gas, to be exported at Huntingdon, British Columbia, will be sold to Northwest Natural Gas Company for system supply. Northwest Natural is a local distribution company providing services to residential, commercial and industrial customers in the States of Oregon and Washington.

(v) **Enserch Development Corporation, on behalf of Encogen Northwest, L.P.**, applied for a 15-year licence to export some 271 800 cubic metres (9.6 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to partially fuel a gas-fired combined cycle cogeneration plant to be constructed near Bellingham, Washington.

(vi) **Esso Resources Canada Limited ("ERCL")**, **Esso Resources Canada ("ERC")**, **Transco Energy Marketing Company ("TEMCO")** and **CanStates Gas Marketing ("CSGM")**, in a joint application, applied for:

(a) approval of the transfer by ERCL and TEMCO of gas export Licence GL-136 to TEMCO, GasTrade Inc., ANG Resource Marketing Ltd. and 375660 Alberta Ltd. carrying on business together in partnership under the name CSGM;

(b) approval of the assignment by ERC to CSGM of all of ERC's

interest in a Gas Sale Contract dated 11 December 1980, as amended, which is currently between ERC and TEMCO; and

(c) approval of certain amendments to the Gas Sale Contract as set out in an agreement between TEMCO, CSGM and Alberta Natural Gas Company Ltd. dated 30 August 1991.

Licence GL-136 authorizes the export of a maximum daily volume of 2 125 000 cubic metres (75 million cubic feet) of natural gas per day near Niagara Falls, Ontario. The gas is sold to TEMCO for resale to local distribution companies.

(vii) **Husky Oil Operations Ltd.** applied for a licence for 17 years and 3 months to export some 366 200 cubic metres (13 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

(viii) **Kamine Natural Dam Cogen Co., Inc.**, as managing general partner of **Kamine/Besicorp Natural Dam L.P.**, applied for a 15-year licence to export some 339 750 cubic metres (12 million cubic feet) of natural gas per day near Iroquois, Ontario. The gas would be used to fuel a natural gas-fired cogeneration facility to be located at the site of the James River paper mill in Natural Dam, St. Lawrence County, New York.

(ix) Three applications were filed by **Makowski Selkirk, Inc.**, on behalf of **Selkirk Cogen Partners II, L.P.** They have been filed jointly with **ATCOR Ltd.**, **Esso Resources Canada** and **PanCanadian Petroleum Limited**. Selkirk and the three

joint applicants applied for three licences to export some 1.6 million cubic metres (55 million cubic feet) of natural gas per day over a 15-year period. The gas would be exported at Iroquois, Ontario and would be used by Selkirk at its gas-fired combined cycle cogeneration power plant to be located in Selkirk, New York.

(x) **New York State Electric & Gas Corporation** applied for a 12-year licence to export some 255 000 cubic metres (9 million cubic feet) of natural gas per day near Napierville, Quebec, and Niagara Falls, Iroquois and Chippewa, Ontario. The gas will be used to serve NYSEG's new franchise areas in Clinton County, New York.

(xi) **Petro-Canada** applied for a licence for 17 years and 3 months to export some 409 600 cubic metres (14.4 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to partially fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

(xii) **TransCanada PipeLines Limited** applied for a licence for 13 years and 9 months to export some 2 785 000 cubic metres (98.35 million cubic feet) of natural gas per day near Emerson, Manitoba. The gas would be used by Great Lakes Gas Transmission Limited Partnership as compressor fuel and associated gas. The purpose of the application is to replace a licence which expired on 31 October 1991.

The Board is conducting an environmental screening of all the applications by means of written submission.

The Board expects to issue its reasons for decision in August 1992.

Hearings Scheduled

1. *TransCanada PipeLines Limited - 1993/94 Facilities - GH-4-92*

The Board will hold a public hearing commencing on 4 August 1992 in Calgary on an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements beginning 1 April 1995.

TransCanada's expansion includes the construction of 366.1 kilometres of pipeline parallel to its existing pipeline in Saskatchewan, Manitoba and Ontario and 42.8 megawatts of new compression to provide new services totalling approximately 6.4 million cubic metres (227 million cubic feet) of natural gas per day.

The cost of the new facilities is estimated at \$499.5 million.

Matters Considered by Written Submission

1. *Alberta Natural Gas Company Ltd. - 1992 Tolls - RHW-1-92*

The Board is considering an application by Alberta Natural Gas for new tolls.

The Board decided to conduct this written hearing after receiving letters of complaint about the rate of return on equity (13.25 percent after tax) for which the company has applied. The Board received comments from the Independent Petroleum Association of Canada and from Czar Resources Limited concerning the appropriate rate of return and has invited interested parties to submit written interventions.

Alberta Natural originally filed its rates amendment to be effective 1 February 1992. After receiving the letters of complaint, the Board made the applied-for tolls interim, effective 7 February 1992.

2. *Natural Gas Exports from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited, Previously Approved by the Board in August 1989 (GH-10-88) - GHW-2-90*

The Board is conducting an environmental screening, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of the above noted proposal to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

The Board expects to issue the results of the environmental screening in July 1992.

3. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation (POWEREX) - Export of Electricity - EW-2-91*

The Board is considering an application by B.C. Hydro and POWEREX for two six-year permits to export electricity to the western United States.

One permit is for the export of up to 2 300 megawatts of firm power and up to 6 000 gigawatt hours of firm energy in each year from 1 October 1991 to 30 September 1997. A second permit is for the export of up to 20 000 gigawatt hours of interruptible energy from 1 October 1991 to 30 September 1997 less the amount, if any, exported under the firm electricity export permit.

The electricity would be exported to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool.

The Board requested interested parties to make their views on the application known before determining whether to issue export permits or recommend to the Minister that the Governor in Council designate the application for

licensing. Such a designation would necessitate a public hearing.

Written interventions were due 6 September 1991. The interventions were to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns are due on 12 June 1992. Any replies the Applicant may have to written submissions from interested parties are due on 29 June 1992.

The Board has advised interested parties, pursuant to Order AO-4-EW-2-91, on the procedures for the assessment of the environmental impact of the exports and the environmental screening of the proposal under the *Environmental Assessment and Review Process Guidelines Order*.

As a result of a July 1991 Federal Court of Appeal judgement, the Board will no longer require evidence on the environmental impact resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of B.C. Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any aspect of their environmental impact not examined at that time will be considered in the current review.

4. *Huntingdon International Pipeline Corporation ("HIPCO") - Pipeline Construction*

The Board is considering an application by HIPCO to construct two parallel pipelines totalling approximately 160 metres in length at Huntingdon, British Columbia.

HIPCO, a wholly-owned subsidiary of BC Gas, proposes to construct two pipelines crossing the international boundary at Huntingdon to enhance BC Gas' operational flexibility in providing diverse gas sources to the Lower Mainland of British Columbia. The pipelines are designed to carry approximately 9.9 million cubic metres (350 million cubic feet) of gas per day. The estimated cost is \$1,284,800. The pipeline would provide two-way import/export options for flexibility during winter and summer seasons.

Interested parties had until 10 April 1992 to file their written submissions.

The Board is also conducting an environmental screening of the application.

5. *Manitoba Hydro-Electric Board - Export of Electricity - EW-1-91*

The Board is considering an application from Manitoba Hydro for three permits to export electricity to Northern States Power Company and United Power Association in Minnesota.

One permit is for the export of 200 megawatts to Northern States Power Company during the summer seasons (1 May to 31 October) of 1997 to 2016. The second permit is for the export of 400 megawatts to Northern States Power during the summer seasons of 1992 to 1994 and 150 megawatts during the summer season from 1995 to 2014. The third permit is for 150 megawatts to United Power Association during the summer seasons of 1995 to 2014.

The exports would be made in accordance with the terms of seasonal diversity agreements providing for the return of electricity to Manitoba Hydro by the purchasers during the winter season. Those agreements give Manitoba Hydro the right to purchase specific amounts of energy from its export customers when it faces "low water conditions" and requires such imports to meet its firm provincial demands and out-of-province firm commitments.

The Board requested interested parties to make their views known on the application before it determines whether to issue export permits or recommend to the Minister that the Governor in Council designate Manitoba Hydro's application for licensing. Such a designation would necessitate a public hearing.

Written interventions were due 26 August 1991. The interventions were to describe the nature of the party's interest in the proceeding and identify the issues it wishes to address. Written submissions from parties, detailing their concerns, were due on 9 December 1991.

The Board is conducting an environmental screening of the proposed export. Any information pertaining to the potential environmental impact of the proposed exports submitted by interested parties will be considered by the Board in arriving at its decision.

As a result of a July 1991 judgement of the Federal Court of Appeal, the Board will no longer require evidence on the environmental impact resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of Manitoba Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any aspect of their environmental impact not examined at that time will be considered in the current review.

6. *Manitoba Hydro-Electric Board - Export of Electricity - EHW-1-92*

The Board is considering an application by Manitoba Hydro for permits to export

electricity to various utilities in the United States.

The exports would be made in accordance with the terms of Interconnection or Coordination Agreements signed with Northern States Power Company, United Power Association, Minnesota Power and Light Company, Minnesota Power Cooperative, and Otter Tail Power Company.

The Interconnection Agreements provide for the transfer of surplus power and energy from Manitoba Hydro's system to the U.S. purchasers at times of suitable river flow conditions. The export authorizations would enable Manitoba Hydro to utilize economic benefits from such surpluses as and when available.

Under the first permit requested, Manitoba Hydro would be authorized to export up to 1 900 megawatts of short-term firm capacity and energy for a term of 30 years beginning 1 November 1992 through 31 October 2022. This permit would replace an existing licence which expires on 31 October 1992.

Under the second permit, Manitoba Hydro would be authorized to export up to 16 650 gigawatt hours of interruptible energy less the amount of energy exported under the first permit. This permit would replace three existing licences which expire on 31 October 1992.

The Board is requesting that interested parties make their views known on the application before it determines whether to issue export permits or to recommend to the Minister that the Governor in Council designate the application for licensing. Such a designation would necessitate a subsequent public hearing.

In making this determination, the Board takes into account various considerations, including the impact of the export on the environment. As a result of a July 1991 judgement of the Federal Court of Appeal, the Board will no longer require evidence on the environmental impact

resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of Manitoba Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any aspect of their environmental impact not examined at that time will be considered in the current review.

Interested parties had until 25 May 1992 to file an intervention with the Board

describing the nature of its interest and identifying the issues it wishes to address.

After reviewing the application, interested parties must file their written submissions with the Board by 20 July 1992. Parties only wishing to file a letter of comment on the application must file a copy with the Board and the Applicant by 20 July 1992.

7. *Market-Based Procedure - GHW-1-91*

The Board announced on 21 August 1991 a number of proposed changes to the way it applies the Market-Based Procedure ("MBP"), the procedure by which the Board assesses applications for licences to export natural gas. The changes are being proposed as part of

the Board's ongoing efforts to maintain and improve the clarity and effectiveness of its regulatory process.

The MBP, used in the context of public hearings, consists of three parts: a Complaints Procedure, an Export Impact Assessment and Other Public Interest Considerations. The proposed changes affect the last two components.

Interested parties were required to file their comments by 15 October 1991. Interested parties that wished to comment on other parties' submissions had until 20 December 1991 to do so. The comments received are under review.

The Board expects to release in June 1992.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

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| 1. Foothills Pipe Lines (Yukon) Ltd. | Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Foothills Pipe Lines (Yukon) Ltd. | Application dated 13 February 1985 for a certificate for expansion of the eastern leg of the Alaska Highway Natural Gas Pipeline System. |
| 4. Mobil Oil Canada Ltd., Petro-Canada Inc.,
Texaco Canada Resources Ltd. and
Nova Scotia Resources (Ventures) Limited | Applications dated 17 July 1985 to export natural gas (Venture Project). |
| 5. Foothills Pipe Lines Ltd. | Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline. |

Under Consideration

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| 6. Washington Water Power Company | Application dated 30 November 1990 for a licence to export natural gas. |
| 7. Southern California Edison Company and
AEC Oil and Gas Company, a Division of
Alberta Energy Company Ltd. | Application dated 16 January 1991 for a licence to export natural gas. |
| 8. Southern California Edison Company and
Esso Resources Canada Limited | Application dated 28 December 1990 for a licence to export natural gas. |
| 9. Southern California Edison Company and
Shell Canada Limited | Application dated 30 January 1991 for a licence to export natural gas. |
| 10. Southern California Edison Company and
Western Gas Marketing Limited | Application dated 15 January 1991 for a licence to export natural gas. |
| 11. Summit Resources Limited | Application dated 17 October 1991 for a licence to export natural gas. |
| 12. POCO Petroleum Ltd. | Application dated 14 November 1991 for a licence to export natural gas. |
| 13. Bow Valley Industries Ltd. and
San Diego Gas & Electric Company | Application dated 22 January 1992 for a licence to export natural gas. |
| 14. Canadian Hunter Marketing Ltd. and
San Diego Gas & Electric Company | Application dated 21 January 1992 for a licence to export natural gas. |
| 15. Husky Oil Operations Ltd. and
San Diego Gas & Electric Company | Application dated 22 January 1992 for a licence to export natural gas. |
| 16. Summit Resources Limited and
San Diego Gas & Electric Company | Application dated 22 January 1992 for a licence to export natural gas. |

17. Western Gas Marketing Limited

Application dated 12 March 1992 for a licence to export natural gas.

18. BP Resources Canada Limited

Application dated 1 April 1992 for a licence to export natural gas.

19. Western Gas Marketing

Application dated 20 April 1992 for a licence to export natural gas.

20. Kamine/Besicorp Syracuse L.P.

Application dated 27 April 1992 for a licence to export natural gas.

21. Enco Gas, Ltd.

Application dated 6 May 1992 for a licence to export natural gas.

22. Western Gas Marketing Limited

Application dated 20 May 1992 for a licence to export natural gas.

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 December 1991 issue of the Agenda, the following major matters have been considered by the Board.

Reviews

(Refer to Items 1 and 4 under *Hearing Decisions Pending*.)

Appeals

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec)* (EH-3-89)

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal were that the Board exceeded its jurisdiction when it made the licences subject to conditions that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply the authorized exports, for which construction had not yet been authorized at the time of completion of the hearing, will have been subjected, prior to its construction, to the appropriate environmental assessment and review procedures as well as to the applicable environmental standards and guidelines in accordance with federal government

laws and regulations. Hydro-Québec argued that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to federal regulation. The appellant further holds that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argued that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council was of the view that the Board had to apply paragraph 118(b) of the Act as it read before the coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application of Le Procureur général du Québec for leave to appeal. In addition to the grounds already raised by Hydro-Québec, Le Procureur général also argues that the *Environmental Assessment Review Process Guidelines Order* does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

On 28 November 1990, the Federal Court of Appeal granted the applications of all three appellants for leave to appeal.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

The appeals were heard in Montreal from 10 and 14 June 1991.

In its decision the Court first considered the Board's power to make Hydro-Québec's export licences subject to environmental conditions pertaining to upstream production facilities. The Court found that the Board could only impose such conditions if its jurisdiction could be said to extend to such production facilities. In answering this question the Court looked to the Board's Act, and – in particular to the definition of "export" contained in the Act. (Section 2 of the Act defines "export" to mean – with reference to power – to send from Canada by a line of wire or other conductor power produced in Canada.) The Court found that the export of power and the production of power are two distinct activities. As the Board's mandate under the Act is limited to considering the export of power, the Court held that the Board lacked the necessary statutory authority to impose conditions in respect of upstream production facilities. On that basis, the Court ruled that the Board exceeded its jurisdiction in including the two environmental conditions in Hydro-Québec's export licences.

The Court concluded that, as the two impugned conditions could be disassociated from the licence, and there was nothing in the Board's Reasons for Decision to suggest that, within the limits of its jurisdiction, the Board had reasons for refusing to grant Hydro-Québec's application, that the quashing of the conditions should not result in a quashing of the Board's entire decision.

The Court next considered the arguments raised by the Crees. The Court ruled the Crees' argument that the Board had incorrectly applied Bill C-23 in considering Hydro-Québec's export application failed on two grounds. First, the Court found that the Board was correct in applying the procedural aspects of Bill C-23 to Hydro-Québec's application, in

that such practice was consistent with the general principles of statutory construction. The Crées had also argued that the application of Bill C-23 to Hydro-Québec's application constituted a breach of the rules of natural justice. The Court dismissed this argument, noting that the Crees had complete latitude at the hearing to act on their clear understanding that the coming into effect of Bill C-23 could affect the Decision rendered.

Finally, the Court ruled that, in any event, the Crees' argument vis-à-vis Bill C-23 led nowhere as, in making its decision, the Board had employed pre-Bill C-23 criteria in assessing Hydro-Québec's application. On that basis, the Court concluded the Crees Bill-C23 argument to be untenable.

The Court then went on to consider the Crees' second ground of appeal. In making its decision the Board made a finding that the proposed export price was just and reasonable, and that it would recover an appropriate share of costs incurred in Canada. On appeal, the Crees argued that the Board could not have validly arrived at such conclusion as it had no direct evidence on this matter before it. The Court found that there was no requirement that the Board base its conclusion upon direct evidence exclusively. The Court noted that, at the original export licence hearing, the Board had before it the testimony of a series of witnesses and the abundant documentary evidence submitted by Hydro-Québec on the question of profitability. It also had before it evidence that the Government of Québec had approved the export contract because of the clear benefit that the province would derive from it. The Court concluded that the evidence, while not all direct, carried strong persuasive force. The Court found that the Board had been persuaded by the evidence, and did not see a basis upon which it could undertake to dispute the Board's conclusion. The Court also noted that courts have historically been hesitant to dispute findings of fact made by Administrative tribunals.

On 30 October 1991, the Grand Council and the Cree Regional Authority filed an application for leave to appeal the decision of the Federal Court with the Supreme Court of Canada.

2. *Treaty 8 Tribal Association and the Doig River Indian Band - Appeal of the Board's Decision Approving a Pipeline Project by Canadian Hunter Exploration Ltd.*

On 10 January 1991, the Tribal Association and the Indian Band filed a Notice of Motion with the Federal Court of Appeal for leave to appeal the Board's decision of 6 December 1990 to approve an application by Canadian Hunter Exploration Ltd. to construct three 1 363 metre-long segments of interprovincial pipeline.

The first ground for appeal was that the Board had denied the two groups procedural fairness by not seeking their reply to Canadian Hunter's 6 November 1990 reply to the comments previously made by the Tribal Association and the Indian Band. The second ground of appeal is that the Board failed to provide a full hearing to the Applicants whose constitutionally protected treaty rights constituting proprietary interests could not be affected without a hearing.

On 2 May 1991, the Federal Court of Appeal granted the Tribal Association and the Indian Band leave to appeal the Board's 6 December 1990 decision.

The Tribal Association and the Indian Band discontinued their appeal against the Board and Canadian Hunter on 15 May 1992.

3. *Prophet River Indian Band - Appeal of the Board's Findings on the Environmental Screening of the Adsett Pipeline*

In conjunction with the commencement of the GH-6-90 public hearing to consider an application by Westcoast Energy Inc. respecting the Adsett pipeline project, the Board issued an "Environmental Screening Document"

prepared pursuant to the *Environmental Assessment and Review Process Guidelines Order* ("EARP Guidelines Order"), which contained the Board's findings concerning the initial assessment of the Adsett project as required by the EARP Guidelines Order. On 11 April 1991 the Prophet River Indian Band applied to the Board for a review of those findings.

On 13 May 1991, the Board denied the application for review by the Prophet River Indian Band on the basis that the EARP Guidelines Order does not contain a provision authorizing an initiating department to review its findings in the screening document. Nor did the Board think that it was open to the Band to utilize the statutory authority of the *National Energy Board Act* to review the Environmental Screening Document which was made in consequence of the EARP Guidelines Order. On 11 June 1991, the Band sought from the Federal Court of Appeal leave to appeal the decision of the Board denying its application for review.

Subsequent to the filing of the Notice of Motion for leave to appeal, interested parties were requested to file written submissions to the Federal Court.

On 3 March 1992, the Band applied to the Court for an Order dismissing the application for leave to appeal. The Order was granted by the Court on 17 March 1992.

4. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Blackhorse Extension*

By application dated 6 August 1991, the above-noted companies applied to the Federal Court of Appeal for leave to appeal the Board's 1991 decision to deny the Blackhorse Extension application. The ground for appeal was that the Board had erred in law by basing its decision on a finding that was not supported by evidence before it. In

particular, the applicants cited the Board's conclusion that the proposed markets can be served in a timely fashion by less expensive and environmentally superior means. The applicants argued that this conclusion was at odds with evidence which had been adduced at the hearing.

The applicants requested the Court to defer consideration of their application pending the outcome of their application for review to the Board. (Refer to Item 4 under Hearing Decisions Pending.)

On 6 April 1992, the applicants advised the Court that they would not be proceeding with their application for leave to appeal.

5. CNG Transmission Corporation - Blackhorse Extension

(Refer to item 4 under *Hearing Decisions Pending*.)

On 30 August 1991, CNG filed a motion with the Federal Court Trial Division requesting that the Court quash the Board's decision of 9 August 1991 to conduct a review of its decision regarding the Blackhorse Extension and prohibit all Board members from participating in the review.

On 9 September 1991, CNG filed a notice of Application for Leave to Appeal with the Federal Court of Appeal seeking leave to appeal the Board's decision of 9 August 1991 to review the Blackhorse decision. CNG filed the application in the event of a ruling that the Federal Court Trial Division lacks jurisdiction to deal with this matter. CNG requested that the Court not process the application for leave to appeal until a ruling from the Trial Division is received.

On 18 October 1991, the Federal Court Trial Division ordered that the Board discontinue the review and that Messrs. Priddle and Fredette refrain from

participating in any further reviews that may be conducted regarding the Blackhorse Extension.

On 27 February 1992, CNG advised the Court that it would not be proceeding with its application for leave to appeal.

Gas Matters

1. BC Gas Inc. - Amendment to Gas Export Licence GL-123

On 1 November 1991, BC Gas applied to the Board for approval of amendments to Licence GL-123 as follows:

- (a) extend the termination date from 30 April 1992 to 30 April 1996;
- (b) increase the daily maximum volumes from 1.7 to 2 million cubic metres;
- (c) increase the annual maximum volumes from 61.3 to 90 million cubic metres;
- (d) increase the total term volume from 184 to 610 million cubic metres;
- (e) allow BC Gas to replace exported gas with thermally equivalent direct imports of natural gas through the BC Gas interconnection with the pipeline facilities proposed to be built by Huntingdon International Pipeline Corporation; and
- (f) add Huntingdon, British Columbia as a new point of export and import.

By letter dated 2 December 1991, BC Gas requested that the Board issue a long-term export/import order to replace Licence GL-123.

The application is currently under review.

2. Direct Energy Marketing Limited - Amendment to Gas Export Licence GL-132

By application dated 6 December 1991, Direct Energy applied to amend Licence GL-132 by changing the export point from Philipsburg to Highwater, Quebec and to extend the expiry date from 30 June to 31 October 2006 without increasing the term quantity authorized for export.

In addition, Direct Energy applied for the approval of a new gas sales agreement with Granite State Transmission Inc. This new agreement will replace the agreement between Direct Energy and Consolidated Fuel Company.

The application is currently under review.

3. Encogen Four Partners, L.P. - Amendment to Gas Export Licence GL-152

Encogen applied on 12 March 1992 to amend Licence GL-152 so as to change the export point from Chippawa to Niagara Falls, Ontario.

The Board approved the application on 27 April 1992. The amendment to the Licence requires Governor in Council approval before it may take effect.

4. Fulton Cogeneration Associates - Amendment to Gas Export Licence GL-154 and an Amendment to a Gas Sales Contract.

Fulton applied on 26 February 1992 for approval of an amendment to Licence GL-154 to change the export point from Chippawa to Niagara Falls, Ontario and to reduce the licence quantities. Fulton also applied for the approval of an amendment to a gas sales contract between Fulton and Star Oil and Gas, Ltd.

The Board approved the application on 30 March 1992. The amendment to the

Licence requires Governor in Council approval before it may take effect.

5. *KannGaz Producers Ltd. - Amendment to Gas Export Licence GL-77*

KannGaz applied on 27 September 1991 to amend Licence GL-77 to extend the termination date from 31 October 1999 to 31 October 2002 and set the volumes to be exported at 3 540 000 cubic metres (122 million cubic feet) per day and 1 292 100 000 (46 billion cubic feet) annually.

The application is currently under review.

Pipeline Matters

1. *Survey on Leaks at Valve Sites*

By letter dated 6 November 1991, the Transportation Safety Board reported to the Board an incident involving a leaking valve site. The Transportation Safety Board suggested in its letter that such leaks are hazardous and that all such incidents should be reported to the NEB.

On 12 December 1991, the Board decided that an examination of the issue of leaks at valve sites may be warranted. In order that the hazards associated with gas leaks may be better understood, the Board sent a letter to all pipeline companies under its jurisdiction requesting them to provide, by 31 January 1992, information on the operating practices of gas pipeline companies regarding leaks at valve sites.

The Board is currently reviewing the information provided by the companies under its jurisdiction.

2. *Altamont Gas Transmission Canada Limited - Pipeline Construction*

On 26 July 1991, Altamont filed an application pursuant to section 58 of the Act for a 300 metre segment of 762 millimetre diameter pipe to be constructed

at the Alberta/Montana border. That segment of pipe is one link in a proposed pipeline system intended to transport 20.8 million cubic metres (735 million cubic feet) of natural gas per day of Canadian-sourced gas to markets in western United States, primarily California.

On 25 October 1991, the Board issued an information request letter to Altamont Canada. The company's response was filed under covering letter dated 20 February 1992.

In a letter to Altamont Canada dated 15 April 1992, the Board raised a preliminary question of jurisdiction with respect to whether the application was properly before the Board under section 58 of the Act. Furthermore, the Board advised of its intention to conduct a written proceeding to determine the question.

In a letter dated 28 April 1992, Altamont Canada requested that the Board defer further consideration of the contemplated Directions on Procedure until no earlier than 21 May 1992. In a follow-up letter to the Board dated 8 May 1992, Altamont Canada expressed several concerns about the jurisdictional question and suggested that it be reconsidered.

The Board's review of Altamont Canada's 8 May letter is continuing.

3. *Interprovincial Pipe Line Inc. - Condensate Breakout Tankage at Cromer, Alberta*

Interprovincial applied on 25 March 1992, for approval to construct new breakout tankage at Cromer, Alberta at an estimated cost of \$6.2 million. The facilities are required because Shell Canada Limited requested that Interprovincial transport a new stream of sour condensate from its Caroline plant as of year end.

On 9 April 1992, the Board sent a letter to Interprovincial requesting additional information on the application. The Board also established 24 April 1992 as

the date that interested parties could file comments on the application and 1 May 1992 as the date for Interprovincial to reply to any comments received.

The Board approved the application on 21 May 1992.

4. *Interprovincial Pipe Line Inc. - 1992 Capital Construction Program*

On 4 September 1991, Interprovincial applied for approval of its 1992 Capital Construction Program at an estimated cost of \$94 million.

On 12 December 1992, the Board sent a letter to Interprovincial requesting additional information.

Portions of the application were approved on 16 January and 6 February 1992. The remainder of the application is still under review.

5. *Sumas Energy Inc. - Pipeline Construction*

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

In December 1990, the Board sent a letter to Sumas requesting additional information.

As of 1 June 1992, Sumas had not yet responded to the Board's information request.

6. *Trans Mountain Pipeline Company Ltd. - Methyl Tertiary Butyl Ether ("MTBE") Facilities*

Trans Mountain applied on 30 January 1992, for approval to construct addi-

tional facilities to its system to transport MTBE (octane blending agent for motor gasoline) at an estimated cost of \$6,477,300. The facilities are required because Chevron Canada Limited requested that Trans Mountain transport MTBE by pipeline from Edmonton, Alberta to Burnaby, British Columbia.

On 12 March 1992, the Board sent a letter to Trans Mountain requesting additional information on the application. The Board also established 3 April 1992 as the date that interested parties could file comments on the application and 10 April 1992 as the date for Trans Mountain to reply to any comments received.

The Board approved the application on 4 June 1992.

7. Westcoast Energy Inc. - Pipeline Construction

On 7 November 1991, Westcoast applied for approval to construct an 8.27-kilometre long pipeline to transport raw gas produced in the West Clark Lake Field 25 kilometres southwest of Fort Nelson to the Beaver River Pipeline on the Fort Nelson Raw Gas Transmission System. The estimated cost of the pipeline is \$1 945 000.

On 12 December 1991, the Board sent a letter to Westcoast requesting additional information and allowing for the filing of comments from interested parties on an expedited basis.

On 7 February 1992, the Board sent a letter to Westcoast requesting additional information with respect to the Prophet River crossing.

8. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the approximate value of the approved projects, the date of approval and the order number.

1. TransCanada PipeLines Limited
Approved on 5 March 1992
Estimated Cost: \$24,347,000
Order Number: XG-8-92
2. TransCanada PipeLines Limited
Approved on 5 March 1992
Estimated Cost: \$33,900,000
Order Number: XG-9-92
3. Westcoast Energy Inc.
Approved on 19 March 1992
Estimated Cost: \$27,000,000
Order Number: XG-10-92
4. Westcoast Energy Inc.
Approved on 12 March 1992
Estimated Cost: \$7,111,000
Order Number: XG-11-92
5. Foothills Pipe Lines Ltd.
Approved on 19 March 1992
Estimated Cost: \$527,000
Order Number: XG-12-92
6. TransCanada PipeLines Limited
Approved on 16 April 1992
Estimated Cost: \$17,226,000
Order Number: XG-13-92
7. Westcoast Energy Inc.
Approved on 27 April 1992
Estimated Cost: \$900,000
Order Number: XG-14-92
8. Alberta Natural Gas Company Ltd
Approved on 4 May 1992
Estimated Cost: \$82,000,000
Order Number: XG-16-92
9. Foothills Pipe Lines Ltd.
Approved on 21 May 1992
Estimated Cost: \$5,507,700
Order Number: XG-17-92
10. Interprovincial Pipe Line Inc.
Approved on 5 March 1991
Estimated Cost: \$69,125,100
Order Number: XO-6-92
11. Ethane Shippers Joint Venture
Approved on 24 March 1992
Estimated Cost: \$400,000
Order Number: XO-9-92

12. Interprovincial Pipe Lines (NW) Ltd.
Approved on 7 April 1992
Estimated Cost: \$88,500
Order Number: XO-10-92
13. Interprovincial Pipe Line Inc.
Approved on 7 May 1992 1992
Estimated cost: \$2,476,500
Order Number: XO-13-92
14. Interprovincial Pipe Line Inc.
Approved on 21 May 1992 1992
Estimated cost: \$6,200,000
Order Number: XO-14-92
15. Interprovincial Pipe Line Inc.
Approved on 21 May 1992 1992
Estimated cost: \$500,600
Order Number: XO-15-92
16. Foothills Pipe Lines Ltd.
Approved on 28 May 1992
Estimated Cost \$1,058,000:
Order Number: XG-20-92

Traffic and Toll Matters

1. Incentive Rate Regulation

On 23 March, the Board advised certain interested parties that it was intending to examine the potential for incentive rate regulation of federal jurisdiction pipelines in Canada.

In its letter, the Board stated that it would release a background paper on the subject and invite written comments on incentive regulation. The Board would then sponsor a workshop in which there would be an opportunity for dialogue between interested parties and Board staff in a non-legal setting.

The Board has not yet announced the procedures for dealing with this matter.

2. Centra Transmission Holdings Ltd. - Tariff Filing

On 30 January 1991, Centra (formerly ICG Transmission Holdings Ltd.) filed

a new tariff for a toll increase effective 15 February 1991. The Company stated the tariff revision results from a \$1.2 million increase in the cost of service as a result of its 1990 system expansion to serve a new cogeneration plant at Fort Frances, Ontario.

On 29 April 1991, the Corporation of the Town of Fort Frances filed a complaint with the Board in which it asked that the toll increase be suspended. The Board decided to consider the request and, on 1 August 1991, made Centra's toll interim pending a Board review of the matter.

Interested parties had until 15 January 1992, to file comments on the application and Centra had until 31 January 1992, to reply to any comments received.

On 16 December 1991, Centra requested a revision to its interim tolls, which the Board approved on 30 December 1991.

3. *Wascana Pipe Line Ltd. - Complaint by ENRON Oil Trading & Transportation Canada Ltd.*

On 3 March 1992, ENRON filed a complaint with the Board alleging irregularities in the application of the tariff for the Wascana pipeline. ENRON complained that it was charged \$46,000 for line fill even though such a charge was not specified in Wascana's tariff. As the disputed charges arose in 1991, ENRON has paid them under duress in order to maintain access to the pipeline.

On 19 March 1992, the Board decided to seek comments from interested parties on this matter. The Board gave interested parties until 10 April 1992 to comment.

4. *Westcoast Energy Inc. - Offline Service - Toll*

On 1 November 1991, Westcoast filed toll schedules with an effective date of 1 November 1991 for a new Offline Service which permits Westcoast to

provide existing offline sales customers with service. The filing included tolls for the new service as well as billing procedures.

On 5 December 1991, the Board decided to make the Tolls Schedules for Offline Service interim as of 1 January 1992. On the same date, the Board requested additional information from Westcoast and set the dates by which interested parties could comment on the filing.

On 30 January 1992, the Board sent a letter to Westcoast advising the company that it was satisfied with the methodology the company employed in calculating the tolls and further advising the company that the tolls would remain interim until the Board renders a decision on final tolls following the forthcoming Westcoast toll hearing. (Refer to Item 5 under *Hearing Decisions Pending*.)

5. *Westcoast Energy Inc. - Application for a Deferral in Implementing Daily Billing*

On 8 August 1991, Westcoast applied to the Board for permission to defer the implementation date for daily billing as set out in Section 5.5 of the RH-1-89 Reasons for Decision.

In the RH-1-89 Reasons for Decision, the Board expressed its expectation that Westcoast would develop during 1990 and 1991 procedures and computer programs necessary to enable Westcoast to eliminate the use of unutilized service credits in Zones 3 and 4 and that, effective 1 January 1992, Westcoast would bill shippers for the actual volumes of interruptible gas taken each day in these zones during the month.

Interested parties had until 5 December 1991 to file their views on the merits of Westcoast's application. Westcoast had until 11 December 1991 to file its reply to comments received.

On 19 December, the Board decided to vary its decision as contained in the

RH-1-89 Reasons for Decision so as to allow the company to defer the implementation of daily billing. The Board directed Westcoast to carry out a review of its 1991-92 winter-season deliveries in order to demonstrate that the current revenue crediting procedure was not being taken advantage of by shippers who contracted for both firm and interruptible service in Zones 3 and 4 of the system. The Board directed Westcoast to file the terms of reference for the review by 14 February 1992, and file a report of the results of the review by 1 June 1992.

6. *Westcoast Energy Inc. - Liquid Products Stabilization and Fractionation Service*

By letter dated 21 November 1991, Westcoast filed new toll schedules and amendments to the General Terms and Conditions to implement a Liquid Products Stabilization and Fractionation Service ("LPSF") at its McMahon processing plant. By letter dated 18 December 1991, Westcoast filed amended terms and conditions for implementing this service.

On 19 December 1991, the Board approved the toll schedules and terms and conditions on an interim basis, effective 1 January 1992. In addition, the Board decided to seek the comments of interested parties on this matter, setting 31 January 1992 as the deadline for parties to comment and 21 February 1992 for Westcoast to reply to any comments received.

In a letter to the company dated 27 March 1992, the Board advised that it would examine the issue of whether it has jurisdiction over LPSF facilities in the RH-1-92 toll hearing. (Refer to item 5 under *Hearing Decisions Pending*.)

7. *The Consumers' Gas Company Ltd. - Capacity Brokering on the TransCanada PipeLines Limited System*

By letter dated 31 January 1992, Consumers' Gas explained that, when it

charges less for service under subshipper agreements than the Board-approved tolls it pays to TransCanada for service under the FS and FST contracts, it believes that it may be violating Section 69(1) of the *National Energy Board Act*. Therefore, Consumers' Gas has sought the Board's assurance that the Board would not give leave, under Section 69(2) of the Act, for a prosecution of Consumers' Gas under Section 69(1) of the Act based on the lesser charge for service under subshipper agreements. Consumers' Gas wishes to discount with impunity in subshipper agreements and, accordingly, is seeking a "no prosecution" assurance similar to that contained in the Board's decision in the RH-1-88 Phase II proceeding regarding capacity brokering.

The Board decided to seek interested parties comments on the request. Interested parties have until 12 June 1992 to provide their comments and Consumers' Gas has until 19 June to reply to any comments received.

Electric Power Matters

1. *British Columbia Hydro and Power Authority - Certificate EC-III-10*

On 8 August 1991, B.C. Hydro requested approval for a change to the international power line authorized by Certificate EC-III-10 to include a phase shifting transformer at its Nelway Substation.

Certificate EC-III-10 authorized B.C. Hydro to construct and operate a 230 kilovolt international power line of approximately 167 kilometres between Cranbrook, British Columbia and the United States border. Certificate EC-III-10 was amended in March 1979 to allow the construction of new terminal facilities known as the Nelway Substation.

The Board approved the application on 16 April 1992. The amendment to the certificate requires Governor in Council approval.

2. *Manitoba Hydro - Certificate of Public Convenience and Necessity EC-III-16*

On 14 May 1991, Manitoba Hydro applied to the Board for approval to amend Certificate EC-III-16 to upgrade the terminal facilities at the Dorsey Substation in order to increase its electricity transfer capability with the United States.

On 13 June 1991, the Board sent a letter to Manitoba Hydro requesting additional information on the application.

After having reviewed the responses to the Board's information request, the Board approved the application on 12 September 1991 subject to the filing by Manitoba Hydro of certain documents related to provincial approvals.

Subsequent to the above approval, the Board received a copy of a letter from Ontario Hydro to Manitoba Hydro indicating that Ontario Hydro was not yet convinced that there would be no adverse effects on its system from the proposed upgrade. At the time the Board approved the application, indications were that no neighbouring utilities objected to the proposed upgrade.

In light of Ontario Hydro's letter, the Board decided, on 24 October 1991, in order to satisfy itself that the proposed upgrade would not have any unacceptable negative impact outside of Manitoba, to request that Manitoba Hydro demonstrate that Ontario Hydro and SaskPower are satisfied that there would be no adverse effects from the proposed upgrade.

On 13 February 1992, Manitoba Hydro filed a letter from Ontario Hydro indicating that the project would have no adverse effect on Ontario Hydro.

On 9 April 1992, the Board sent a letter to Manitoba Hydro requesting further assurances that the proposed alteration of the facilities will not adversely affect SaskPower. Manitoba Hydro filed the requested information on 23 April 1992.

The Board approved the application on 28 May 1992.

3. *Manitoba Hydro - Exports to Northern States Power Company*

By application dated 10 March 1992, Manitoba Hydro applied for approval of the export, under existing Licence EL-102, of 400 megawatts of power and associated energy equivalent to 52 per cent seasonal capacity factor to Northern States Power during the period 1 May to 31 October 1992.

The Board approved the application on 9 April 1992.

4. *Manitoba Hydro - Exports to Otter Tail Power Company, Minnkota Power Cooperative and Minnesota Power*

By application dated 10 March 1992, Manitoba Hydro applied for approval of the export, under existing Licence EL-102, of 35 megawatts of power and associated energy to Otter Tail Power, 30 megawatts of power and associated energy to Minnkota Power and 7 megawatts of power and associated energy to Minnesota Power during the period 1 May to 31 October 1992.

The Board approved the application on 27 April 1992.

5. *Manitoba Hydro - Surplus Estimates*

By letter dated 16 April 1992, Manitoba Hydro applied to the Board for approval of its estimate of supply, demand and surplus power and energy for the operating year commencing 1 May 1992.

The Board approved the estimates on 27 April 1992.

6. *Saskatchewan Power - Surplus Estimates*

By letter dated 7 April 1992, Saskatchewan Power applied to the Board for approval of its estimate of supply, demand and surplus power and energy for the operating year commencing 1 May 1992.

The Board approved the estimates on 27 April 1992.

Frontier Matters

1. Regulatory Initiatives

During the period of 1 March to 31 May 1992, work proceeded on the following regulations:

Canada Oil and Gas Production and Conservation Act:

The proposed amendments have been discussed in parliamentary committee and will be presented for final reading in the House of Commons.

Canada Oil and Gas Geophysical Regulations

Additions were made to the discussion draft which address the hazard of drilling shotholes in areas where pockets of shallow gas exist.

Canada Oil and Gas Installations Regulations

The draft regulations are presently under review by the Privy Council Office. A reply to their preliminary comments is in preparation.

Canada Oil and Gas Certificate of Fitness Regulations

The Privy Council Office is reviewing these regulations simultaneously with the Canada Oil and Gas Installations Regulations.

Newfoundland Petroleum Occupational Safety and Health Regulations

Drafts of these regulations have been completed and forwarded to industry, Energy, Mines and Resources and provincial agencies for review.

Canada Oil and Gas Diving Regulations

Canada Version: Preprinted in Part 1 of the Gazette. Comments have been received and replies prepared.

Nova Scotia Version: Amendments have been prepared and work is proceeding on preparing the prepublication package.

Newfoundland Version: Amendments equivalent to the other versions are in preparation.

Mobile Offshore Drilling Unit ("MODU") Standard

Drafting continued on revisions to the common MODU Standard for the Canadian Coast Guard and frontier regulatory agencies.

2. Operations

Wells

The exploratory well Shell Shavilig J20 was drilled in the Mackenzie Delta. Approval was given to abandon that well under the Canada Oil and Gas Drilling Regulations.

Approval was also given to abandon the following suspended wells in the Mackenzie Delta and the Arctic Islands:

Gulf Mobil Parsons N-10
Gulf Mobil Parsons P-41
Gulf Mobil Parsons L-43
Gulf Mobil Parsons F-09
Gulf Mobil Kamik D-48
Gulf Mobil Siku A-12
Gulf Mobil Atigi O-48
Panarctic Tenneco et al. Thor H-28
Panarctic Tenneco et al. Kristopher Bay B-06
Panarctic Tenneco et al. King Christian N-06
Panarctic King Christian 2D-18

Geophysical/Geological

Three seismic programs in the Northwest Territories were monitored which had been previously authorized and approved. Two of these programs were in the Mackenzie Delta region and one at Norman Wells. A request was made to extend one of the Mackenzie Delta programs: on examination this was

rejected on the basis of the substantial nature of the proposal and a new application (as a fourth new program) was requested. The approval process for this late application was coordinated by the NEB and approval was given in March.

Operations on one seismic program in the Mackenzie Delta were marred by three incidents relating to the release of gas while drilling shallow shot holes for seismic charges. Equipment was damaged when the gas caught fire but there was no serious injury. Modifications to operational procedures to reduce the risk of igniting gas under these circumstances are being recommended following the receipt of reports on these incidents. All companies operating in the area were notified of the hazard.

Operations at Norman Wells were inspected to verify that structures close to the operations were not being subject to damaging vibrations. In this case, operations were permitted close to structures after field trials, and subject to close monitoring.

3. *Canada Oil and Gas Production and Conservation Regulations*

Panarctic Oils Ltd. was given conditional approval under the Regulations for an amendment to the Production Operations Authorization for the Bent Horn Project to allow the trucking of oil from Bent Horn to Rea Point, starting in 1993.

Esso Resources Canada Limited was given approval under the Regulations for the installation of additional pump capacity for water injection at Bear Island.

4. *Certification of Divers*

Ten divers were accepted under the Canada Oil and Gas Diving Regulations for certification.

Six common exams for diving specialists are under development with the frontier Boards.

5. *Inspection of Diving Vessel*

Inspection, as required under the Nova Scotia Offshore Area Petroleum Diving Regulations, of the "Balmoral Sea" diving vessel was undertaken, prior to its operation at the Cohasset/Panuke field, at the request of the Canada-Nova Scotia Offshore Petroleum Board.

6. *LASMO Nova Scotia Limited - Cohasset Project - Revised Development Plan*

On 14 April 1992, Energy, Mines and Resources requested the Environment Directorate of the Board to carry out the environmental screening, as required by the *Environmental Assessment Review Process Guidelines Order* ("EARP Guidelines Order"), on the Cohasset Project Revised Development Plan. As there were no new environmental concerns or adverse effects identified in the revised plan, the assessment determined that the project should proceed as per the prior screening decision subject to the conditions pertaining to environmental protection and socio-economics detailed in the Canada Nova Scotia Offshore Petroleum Board Decision Reports (4/9/90 and 7/4/92) and the recommendations of the Ellis Commission Report.

In addition, comments on the Environmental Protection Plan and the Environmental Effects Monitoring Program submitted by LASMO for the Cohasset Project were provided to Energy, Mines and Resources.

7. *EARP Screening of the Canada-Nova Scotia Offshore Development Fund Projects*

At the request of Energy, Mines and Resources, the Environment Directorate completed the environmental screening, as required by the EARP Guidelines Order, of four projects proposed for funding by the Canada-Nova Scotia Offshore Development Fund. The projects were the construction of the Richmond Terminal access road, the

purchase of dive vessel Eastern Installer, the Scotian Shelf Gas Development Study, and survival system fire training facility.

No environmental concerns or adverse effects were identified, therefore the projects were authorized to proceed.

8. *Panarctic Oils Ltd. - Amendment to the Production Operations Authorization for the Bent Horn Project*

In response to a condition proposed by the Environment Directorate for the Amendment of the Production Authorization for the Bent Horn Project, Panarctic Oils Limited has committed to continue implementation of the environmental protection measures outlined in the Bent Horn Environmental Protection Plan (May 1985) during the proposed over-ice transport of oil produced from Bent Horn and Rea Point.

Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks: the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff completed its initial investigations on these major issues and held technical consultations with Canadian electric

utilities and provincial authorities on the results of these assessments. Their comments and suggestions have been incorporated into the technical reports. A panel of three Board Members has been appointed to oversee the completion of the Review.

It is expected that technical reports will be released for comment by the end of July.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. *Onshore Pipeline Regulations*

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest editions of the CSA pipeline standards into the Regulations. It is anticipated that the proposed revisions will be sent to interested parties for comment by the summer of 1992.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. *Offshore Pipeline Regulations*

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore

pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the *Canada Gazette* on 20 April 1991.

Additional comments on the proposed regulations were due by 20 May 1991, and those are currently under review by the Board.

3. *Part VI Regulations*

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee on Regulatory Scrutiny. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

By letter dated 14 August 1991, the Market-Based Procedure Review (refer to Item 5 under *Matters Considered by Written Submission*), the Board included as Attachment E the revised Part VI filing requirements for comment by interested parties. These comments will be considered when the Board issues the revised Regulations.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee on Regulatory Scrutiny.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on the draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new *Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination, and the Governor in Council for approval.

6. *Regulations Pertaining to Frontier Oil and Gas Activities*

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Oil and Gas Production and Conservation Act*, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations
Canada Oil and Gas Operations Regulations

*Canada Oil and Gas Diving
Regulations*
*Canada Oil and Gas Production
and Conservation Regulations*
*Canada Oil and Gas Spills and
Debris Liability Regulations*

Regulations Being Reviewed by Department of Justice

*Canada Oil and Gas Geophysical
Regulations*
*Canada Oil and Gas Diving
Regulations - amendments*

Regulations Being Drafted

*Canada Oil and Gas Installations
Regulations*
*Canada Oil and Gas Certificate of
Fitness Regulations*

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the *Offshore Newfoundland Drilling Regulations* have been submitted to the Department of Justice and are expected to be promulgated in July 1992, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *NEB Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in the *Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Appointments

Robert L. Andrew, Q.C. was appointed as a temporary Board Member for a term of seven years effective 1 April 1992.

William G. Stewart, Board Member, retired effective 23 March 1992.

Scott Richardson was appointed Secretary of the Board effective 14 May 1992.

Gordon Laing, former Secretary of the Board, returned to continue his Career Advancement Program in Ottawa.

Dr. Ken Sato, Director General of the Environmental Directorate, was appointed to administer the Environmental Studies Research Fund (EMR) Account on behalf of the Minister of Energy, Mines and Resources

Reports and Speeches

- 1 *Canadian Energy Trends 1990-2010*, a presentation by J.- G. Fredette, Vice-Chairman, to the Joint Industry Task Force Seminar. Electricity—Ontario's Edge in Toronto, Ontario on 1 May 1992.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

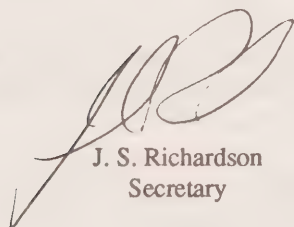
Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:

Regulatory Support Office (403) 292-4800

For information contact:

Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

Number of Copies Required for Filings

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) <i>Oil Exports</i>	
		Registered Oil Export Orders	10
(i) Certificates		(iv) <i>Tolls</i>	
Pipeline	35	Class I and II Adjustments	20
Power line	30	Interim Orders	20
(ii) Export licences or Permits		Operating and Maintenance Budgets	20
Natural gas	35	Changes in Depreciation Rates	20
Electricity	30	Quarterly Surveillance Reports	20
(iii) Tolls	35	New or Changed Tariffs	20
(iv) Land Acquisitions	10	Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) <i>Pipelines and Power Lines</i>	
(i) <i>Natural Gas</i>		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amendments to Export Contracts	20	Leaves to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) <i>Electricity Exports</i>		(vi) <i>Other</i>	
Orders	15	Applications for Review	20
Licence or permit Amendments	15		
Licence or permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503

Appendix II

Selected List of Telephone Numbers

(Area Code 403 except where otherwise indicated)

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Carol-Lynn Power	299-2741
Member	R. Byron Horner	299-2727
Secretary	Mona Butler	299-2728
Member	A. Boyd Gilmour	299-2733
Secretary	Mary Lou Scharf	299-2734
Member	Anita Côté-Verhaaf	299-2739
Secretary	Deborah Larch	299-2738
Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728
Member	Céline Bélanger	299-2737
Secretary	Deborah Larch	299-2738
Member	Kenneth W. Vollman	299-2730
Secretary	Mary Lou Scharf	299-2734
Member	Robert Andrew	299-2736
Secretary	Carol-Lynn Power	299-2741

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Finance and Administration Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

Personnel Branch

Director	Jim Thompson	299-3694
Secretary	Marie-Josée Mercier	299-3695

Planning and Review Branch

Director	Claire Scott	299-2747
Secretary	Francine Poudrette	299-2748
Chief, Internal Audit	Roy E. Aylett	299-2749
Manager, Program Evaluations		299-2750

Information Technology Branch

Director	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603

OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Secretary	Lorna Patterson	299-2715
Asst. Secretary, Regulatory	Roger Breault	299-2714
Asst. Secretary, Communications	Ann Sicotte	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561

Board Distribution Centre		292-4800
General Information		292-4800

ENERGY REGULATION DIRECTORATE

Director General	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Economics Branch

A/Director	Glenn Booth	299-3621
Secretary	Colleen Holt	299-3622

Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166

Assistant Director and Chief, Regulatory	Ivan Harvie	299-3167
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Chief of Generation Planning	Alec Penman	299-3180
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Chief, Power System Planning		
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Gas and Oil Branch

A/Director	Raymond Choy	299-3189
Secretary	Pat Connolly	299-3185

Chief, Market Analysis and Export Surveillance		299-3189
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Chief, Gas Export	Denis Dubuc	299-3186
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Chief, Transportation and Oil Exports	Hans Pols	299-3195
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Financial Regulation Branch

Director	Ga�tan Caron	299-3646
Secretary	Ruth Grennville	299-3648

Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Harmit Bajaj	292-5048
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Chief (IPL, TNPI and Cochin)	Dan Grunig	299-3649
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Chief (Westcoast and TMPL)	Albert Fung	299-3662
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Chief (TCPL and IPL(NW))	Steve Brown	299-3653
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ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752

Drilling and Production Engineering

Director - Drilling	Fred Lepine	299-2790
Secretary	Linda Quast	299-2789

Director - Production	Terry Baker	299-2792
Secretary	Margaret Mertova	299-2787

A/Chief Production Facilities	Stephen Lord	299-2797
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Special Advisor - Diving	Jan Merta	299-2791
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Manager, Northern Region, Yellowknife, N.W.T.	Maurice Thomas	403-920-8175
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Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Melanie Gnyp	299-2758
Secretary	Nadine Boudreau	299-2760

Chief, WEI and IPL	Brenda Kenny	299-2761
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A/Chief, Gas Pipelines East	Paul Trudel	299-2768
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Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
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Chief, Safety	Jake Abes	299-2777
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A/Chief, ANG and Foothills	Robert Power	299-2769
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ENVIRONMENT DIRECTORATE

Director General	Dr. Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680

Environment and Lands Branch

Director	Peter Carr	299-3665
A/Secretary	Geraldine Metcalf	299-3666

Asst. Director and Chief, Environment	Steve Pierce	299-3668
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Chief, Operational Programs	Gord Higginson	299-3672
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Pollution Control Division

Director	Jim Anderson	299-3682
Secretary		

Physical Environment Division

A/Director	Oleh Mycyk	299-3678
Secretary		

Emergency Response and Financial Liability Division

Director	Jim Anderson	299-3682
Secretary		

Environmental Studies Research Funds

Manager		299-
Secretary		

ENERGY RESOURCES DIRECTORATE

Director General	Graham Campbell	299-3102
Secretary	Carole Gauthier	299-3103

**Crude Oil, NGL
and Coal Supply Division**

Chief	Gerrit Hos	299-3120
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Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Chief	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

A/Chief	Bruce Young	299-3147
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Operations and Reserves

A/Chief	Giles Morrell	299-3117
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Production Engineering Division

Director	Terry Baker	299-3103
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LAW BRANCH

General Counsel	Judith Snider	299-2703
Secretary	Lillian Handleman	299-2704

Asst. General Counsel	Richard Graw	299-2705
Secretary	Maureen Cooley	299-3551

Counsel	John Syme	299-2709
Counsel	Margery Fowke	299-2708
Counsel	Charles Morin	292-6489
Secretary	Elizabeth Arden	292-6540

Counsel	Peter Noonan	299-3552
Counsel	Lori Ann Boychuk	299-2707
Secretary	Maureen Cooley	299-3551

Counsel	Judith Hanebury	292-6497
Secretary	Lillian Handelman	299-2704

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the Oil and Gas Production and Conservation Act and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the *Canada Labour Code*.

Head Office:

National Energy Board
311 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

regulatory Agenda

Issue No. 42

The period covered in this issue of the Agenda is 1 June to 31 August 1992

1 September 1992

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Canadian Petroleum Association - Review of the GH-5-88 Reasons for Decision - GH-R-1-91*

Reasons for Decision dated June 1992; issued 24 June 1992.

The Board held a public hearing from 24 February to 12 March 1992 in Calgary on an application dated 29 May 1991, as amended on 27 November 1991, by the Canadian Petroleum Association ("CPA") for a review of the Board's 1989 decision to issue a long-term licence to Alberta and Southern Gas Co. Ltd. ("A&S") to export natural gas to California. The amended application requested that the Board take immediate action to counteract the effects of a decision by the California Public Utilities Commission ("CPUC") relating to the rules for capacity brokering of pipeline space in California.

The CPUC decision requires the brokering of the pipeline capacity in California. It will, however, have the effect of causing the reallocation of pipeline capacity on pipeline systems outside the State of California, including the Alberta Natural Gas Company Ltd's ("ANG") pipeline system in Alberta and British Columbia which is regulated by the Board.

The Board took measures to counteract the detrimental effects on the Canadian public interest of the CPUC's regulatory

decisions. The Board expressed its concern that these decisions could undermine existing long-term commercial arrangements under which Canadian producers supply gas to Northern California.

The Board therefore decided to issue orders to:

- vary all short-term export orders to add a condition that precludes exports at Kingsgate and Huntingdon, British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by A&S for sale to Pacific Gas Transmission Company ("PGT"); and
- suspend interruptible transportation service for the delivery of gas to the Kingsgate, British Columbia,

export point and the assignment provisions of ANG's Gas Transportation Service Document.

These orders will have the effect of preventing the displacement of the long-term gas supply of A&S and its producers to Northern California.

The Board's decision confirms and strengthens the interim measures it put in place on 4 February 1992 pending the outcome of the hearing. The new orders add the Huntingdon, British Columbia export point to the Kingsgate, British Columbia export point covered by the interim orders.

The orders are to remain in effect for a period sufficient to allow for fair and equitable contractual arrangements to be negotiated by all affected parties and until all necessary regulatory approvals are in place for such arrangements.

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National
Energy Board



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



The Board notes that the measures it has decided upon are directed at preventing short-term export arrangements from potentially displacing exports under long-term contractual arrangements. They will not restrict the total amount of exports currently authorized by the Board nor the ability of the Northern California market to receive Canadian natural gas.

2. *Interprovincial Pipe Line Inc. - 1992 Toll Application - RH-2-91*

Reasons for Decision dated June 1992; issued on 19 June 1992.

The Board held a public hearing on Interprovincial's tolls from December 1991 to February 1992 in both Calgary and Toronto for a total of 27 days.

The Board approved an average interim toll increase of nine percent, effective 1 January 1992. In its application, Interprovincial requested that tolls currently in effect be increased by an average of 12 percent and that this increase be made interim, effective 1 January 1992. This would have raised the company's approved 1991 net revenue requirement of \$312.5 million by 11.5 percent to \$348.5 million.

In its decision, the Board approved a rate of return on common equity of 12.5 percent on a deemed equity ratio of 45 percent excluding deferred taxes. Interprovincial had requested approval of a rate of return of 13.5 percent on a deemed equity ratio of 42.5 percent including deferred taxes.

The Board also rendered decisions on the company's rate base, the allowed rate of inflation, the calculation of income taxes, the forecast throughput, operating costs and toll design.

The Board ruled that income taxes should be calculated on a flow-through basis rather than on the previously-approved normalized basis.

With respect to toll design, Interprovincial submitted proposed tolls based on an integrated toll design methodology. In addition, Interprovincial requested that the Board consider the appropriate toll design for the possible reversal of the Sarnia to Montreal pipeline extension.

The Board ruled that a stand-alone toll design is appropriate for 1992 for both the main pipeline and the idled Montreal extension. In addition, the Board determined that stand-alone is the appropriate toll design if the Montreal Extension were to be reversed to flow in an east to west direction. (Refer to item 4 under *Traffic and Toll Matters*.)

The Board approved Interprovincial's revised throughput forecast of 221 800 cubic metres (1 395 080 barrels) a day for 1992.

The Board has not included the approved 1992 revenue requirements or new tolls in its Reasons for Decision. A final order approving the new tolls will be issued following the Board's review of figures still to be provided by Interprovincial. The Board's preliminary estimate of the revenue requirement, based on numbers currently on the record, is that it will reflect little change in comparison to the 1991 requirement. Consequently, any excess revenues that Interprovincial may have collected in 1992 when interim tolls were in effect will be used to reduce the level of the 1992 final tolls to be applied over the remainder of the year.

3. *Thirteen Applications for Natural Gas Export Licences and One Application to Transfer a Licence - GH-1-92 - (Volume 1)*

(Refer to item 3 under *Hearing Decisions Pending*)

Reasons for Decision dated June 1992; issued on 6 August 1992.

The Board issued six new licences and transferred an existing licence authorizing the export of some 7.8 million cubic metres (277 million cubic feet) of natural gas per day for periods ranging from 10 to 17 years.

The Board issued one licence to each of **AG-Energy, L.P., Canadian Hydrocarbons Marketing Inc., Canadian-Montana Pipe Line Company, Husky Oil Operations Ltd., Petro-Canada, and TransCanada PipeLines Limited**, and transferred an existing licence to **Transco Energy Marketing Company/CanStates Gas Marketing**.

The Board considered the applications at a public hearing held on 21, 22 and 23 April 1992 in Calgary, Alberta. During the hearing, the Board also considered applications for export from **CanWest Gas Supply Inc., Enserch Development Corporation, on behalf of Encogen Northwest, L.P., Kamine Natural Dam Cogen Co., Inc., New York State Electric & Gas Corporation** and three applications by **Makowski Selkirk, Inc. on behalf of Selkirk Cogen Partners II, L.P. filed jointly with ATCOR Ltd., Esso Resources Canada and PanCanadian Petroleum Limited**. The Board decided to issue its Reasons for Decision on seven of the applications at this time because of contractual obligations of the applicants. The Board expects to issue its Reasons for Decision on the remainder of the applications in the fall 1992.

The following is a summary of the licences issued by the Board:

AG-Energy, L.P. to export some 467 000 cubic metres (16.5 million cubic feet) of natural gas per day for 15 years and two months. The gas, to be exported near Iroquois, Ontario, will be used to fuel a cogeneration facility to be constructed in the City of Ogdensburg, New York.

Canadian Hydrocarbons Marketing Inc. to export some 273 900 cubic metres (9.7 million cubic feet) of natural gas per day for 10 years. The gas, to be exported near Huntingdon, British Columbia, will be used by Washington Natural Gas Company as system supply. Washington Natural is a local distribution company providing services to

residential, commercial and industrial consumers in northwest Washington, including Seattle and Tacoma.

Canadian-Montana Pipe Line Company to export some 1.4 million cubic metres (50 million cubic feet) of natural gas per day for 12 years. The Board decided, because of a shortfall in productive capacity beginning as early as 1999, to issue a licence for a 12-year term rather than the 14-year term requested. The gas, to be exported near Aden, Alberta, will be used as system supply by The Montana Power Company to serve its customers in the western two-thirds of Montana.

Esso Resources Canada Limited ("ERCL"), **Esso Resources Canada ("ERC")**, **Transco Energy Marketing Company ("TEMCO")** and **CanStates Gas Marketing ("CSGM")**, in a joint application, applied to the Board for:

- (a) approval of the transfer by ERCL and TEMCO of gas export Licence GL-136 to GasTrade Inc., ANG Resource Marketing Ltd. and 375660 Alberta Ltd. carrying on business together in partnership under the name CSGM, and TEMCO;
- (b) approval of the assignment by ERC to CSGM of all of ERC's interest in a gas sale contract dated 11 December 1980, as amended, which is currently between ERC and TEMCO; and
- (c) approval of certain amendments to the gas sale contract as set out in an agreement between TEMCO, CSGM and Alberta Natural Gas Company Ltd dated 30 August 1991.

Licence GL-136 authorizes the export of a maximum daily volume of 2 125 000 cubic metres (75 million cubic feet) of natural gas per day near Niagara Falls, Ontario. The gas is sold to TEMCO for resale to three U.S. local distribution companies. The Board has approved the transfer of Licence GL-136 to CSGM and TEMCO, approved the assignment

of the 11 December 1980 contract to CSGM and approved the amendments to the 30 August 1991 contract.

Husky Oil Operations Ltd. to export some 366 000 cubic metres (13 million cubic feet) of natural gas per day for 17 years and 3 months. The gas, to be exported near Huntingdon, British Columbia, will be used to fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

Petro-Canada to export some 410 000 cubic metres (14.4 million cubic feet) of natural gas per day for 17 years and 3 months. The gas, to be exported near Huntingdon, British Columbia, will be used to fuel a natural gas-fired cogeneration plant to be constructed near Ferndale, Washington.

TransCanada PipeLines Limited to export some 2 785 000 cubic metres (98.35 million cubic feet) of natural gas per day for 13 years. The gas, to be exported near Emerson, Manitoba, will be used by Great Lakes Gas Transmission Limited Partnership as compressor fuel and associated gas. The purpose of the application is to replace a licence which expired on 31 October 1991.

The Board conducted an environmental screening of the proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposals, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

4. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of the Blackhorse Extension Reasons for Decision - GH-R-1-92*

Reasons for Decision dated June 1992; issue on 29 June 1992.

The Board held a public hearing from 11 to 14 May 1992 in Niagara Falls and on 20 and 21 May 1992 in Calgary to review its 1991 decision to deny an application by TransCanada to construct the Blackhorse Extension.

The Board decided, because of new facts and changed circumstances, to review its original decision and subsequently decided to approve an application by TransCanada to construct a pipeline known as the "Blackhorse Extension" in southwestern Ontario.

The proposed facilities, estimated to cost \$39.1 million, will involve construction of a 20.6 kilometre (12.8 mile) pipeline extending from the Blackhorse metering station near Thorold, Ontario to a new export point at Chippawa, Ontario. At that point the Blackhorse Extension will interconnect with the proposed facilities of Empire State Pipeline in the United States. The facilities will allow Canadian and U.S. gas supplies to be delivered to the New York State market.

5. *Trans Mountain Pipe Line Company Ltd. - 1992 Toll Application - RH-3-91*

Decision without attendant reasons issued on 23 June 1992. Reasons for Decision dated June 1992; issued on 27 July 1992.

The Board held a public hearing to consider Trans Mountain's toll application in Vancouver and Calgary from 2 to 27 March 1992.

The new tolls approved by the Board, based on the approved cost of service and throughput forecast, are 2.7 percent less than the 1991 tolls and approximately 8.3 percent less than the tolls the company had been charging on an interim basis since 1 January 1992. The company had requested an increase in tolls of approximately five percent above the 1991 tolls.

The Board also decided to reduce the company's allowed deemed common equity ratio to 47.5 percent from 50 percent and reduced the allowed return on

deemed common equity to 12.5 percent. The company had originally applied for a 14 percent return on common equity which it later reduced to 13.5 percent.

The Board also decided on the appropriate toll methodology for facilities to be constructed by Trans Mountain for the transportation of Methyl Tertiary Butyl Ether ("MTBE").

6. *Westcoast Energy Inc. - Southern Mainline Looping - GH-3-92*

Reasons for Decision dated July 1992; issued on 30 July 1992.

The Board held a public hearing from 25 to 28 May 1992 in Calgary on an application by Westcoast to construct certain facilities known as the "Southern Mainline Looping".

The Board approved the construction of the applied-for facilities which consists of 36.69 kilometres (20.32 miles) of pipeline loop to be constructed at four locations on the Southern Mainline which extends from Willow Flats, British Columbia to a point on the international boundary between Canada and the United States near Huntingdon, British Columbia.

The cost of the facilities, which are to serve both domestic and export markets, is estimated to be just under \$40 million. The proposed expansion will result in an increase in system capacity of 2 465 000 cubic metres (87 million cubic feet) per day, which amounts to a 5.4 percent increase in capacity.

The Board conducted an environmental screening of the proposal in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential adverse environmental effects which may be caused by the proposal, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

7. *Westcoast Energy Inc. - 1992 Toll Application - RH-1-92*

Reasons for Decision dated August 1992; issued on 27 August 1992.

The Board held a public hearing from 30 March to 7 May 1992 in Vancouver and Calgary on an application by Westcoast for new tolls to be effective 1 January 1992.

The approved tolls will be approximately 2.5 percent higher than the tolls in effect for 1991. Westcoast had applied for a six percent increase. On 19 December 1991, the Board approved, on an interim basis, a toll increase of five percent which took effect on 1 January 1992. The Board directed Westcoast to refund, or where applicable, recover from its customers the difference between the tolls resulting from its decision and the interim tolls, together with carrying charges.

The Board estimates that its decision will result in an approved revenue requirement of approximately \$354 million for 1992, or about \$12 million less than the applied-for amount of \$366 million.

The Board approved Westcoast's request to keep its deemed common equity ratio at 35 percent. Westcoast had requested that its rate of return on common equity remain at 13.75 percent. The Board approved a rate of 12.5 percent for 1992.

The Board also rendered decisions on rate base, deferred income tax, depreciation rates, operating costs and toll design. The Board found that Westcoast's liquid products stabilization and fractionation facilities at Taylor, British Columbia are integral to the pipeline system and therefore subject to regulation by the Board.

The Board approved a drawdown of Westcoast's deferred income tax balance at a rate which would reduce taxable income to zero in 1992 and subsequent years until the balance is extinguished.

Because of a significant increase in the number of Westcoast's subsidiaries and activities, the Board directed the company to retain an external consultant to carry out an independent review of its method of separating costs between the company's utility operations and its non-utility activities.

Hearing Decisions Pending

1. *Six Applications for Natural Gas Export Licences and One Application to Transfer a Licence, or Alternatively Issue a New Export Licence - GH-5-92*

The Board held a public hearing on 25 and 26 August 1992 in Calgary to consider six applications from four companies for licences to export natural gas and one application to transfer a gas export licence, or alternatively issue a new export licence.

The applications considered at the hearing are described below.

BP Resources Canada Limited requested a 17-year licence to export at Huntingdon, British Columbia some 504 140 cubic metres (18 million cubic feet) of natural gas per day. The gas will be used to fuel a cogeneration plant to be constructed near Ferndale, Washington.

Kamine Beaver Falls Cogen Co., Inc., as managing general partner of Kamine/Besicorp Beaver Falls L.P., requested a 15-year licence to export at Iroquois, Ontario some 455 900 cubic metres (16.1 million cubic feet) of natural gas per day. The gas will be used to fuel a cogeneration facility to be constructed in Beaver Falls, Lewis County, New York.

Kamine Syracuse Cogen Co., Inc., as managing general partner of Kamine/Besicorp Syracuse L.P., requested a 15-year licence to export at Chippawa, Ontario some 461 700 cubic metres (16.3 million cubic feet) of natural gas per day. The gas will be used to fuel a cogeneration facility to be constructed in the village of Solway, Onandaga County, New York.

Western Gas Marketing Limited requested a licence for four years and four months to export at Emerson, Manitoba some 906 500 cubic metres (32 million cubic feet) of natural gas per day. The gas will be sold to Michigan Consolidated Gas Company as system supply for its customers in the State of Michigan.

Western Gas Marketing Limited requested a licence for eight years and four months to export at Emerson, Manitoba some 4 853 000 cubic metres (171.3 million cubic feet) of natural gas per day. The gas will be sold to Natural Gas Pipeline Company of America as system supply for its customers in the midwestern United States.

Western Gas Marketing Limited requested a 15-year licence to export at Niagara Falls, Ontario some 509 900 cubic metres (18 million cubic feet) of natural gas per day. The gas will be used to fuel a cogeneration facility to be constructed in Rensselaer, New York.

FSC Resources Limited, Saranac Power Partners L.P. and Shell Canada Limited applied to transfer Licence GL-138 from FSC Resources to Saranac and Shell and amend Licence GL-138, or in the alternative, issue a new licence for export at Napierville, Quebec.

Licence GL-138 authorizes the export at Napierville 1 530 000 cubic metres (54 million cubic feet) of natural gas per day for a 15-year period. The gas was to be used to fuel three cogeneration facilities to be constructed near Plattsburg, New York.

The Board is conducting an environmental screening, in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there is no duplication with the Board's own regulatory process, of the application by means of written submission.

The Board expects to issue its Reasons for Decision in the winter of 1992.

2. TransCanada PipeLines Limited - 1993/94 Facilities - GH-4-92

The Board held a public hearing from 4 to 7 August 1992 in Calgary on an application by TransCanada to expand its natural gas pipeline system in western and central Canada in order to meet domestic and export requirements.

TransCanada's expansion would include the construction of 355.1 kilometres of pipeline parallel to its existing pipeline in Saskatchewan, Manitoba and Ontario and 42.8 megawatts of new compression to provide new services totalling approximately 6.2 million cubic metres (217.5 million cubic feet) of natural gas per day.

The cost of the new facilities is estimated at \$501.2 million.

The Board is conducting an environmental screening, in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there is no duplication with the Board's own regulatory process, of the applications by means of written submission.

The Board expects to issue its Reasons for Decision in November 1992.

3. Thirteen Applications for Natural Gas Export Licences and One Application to Transfer a Licence - GH-1-92 - (Volume 2)

(Refer to item 3 under *Recent Hearing Reports and Decisions*)

The Board held a public hearing on 21, 22 and 23 April 1992 in Calgary on applications from 13 companies for licences to export natural gas and one application to transfer a gas export licence.

On 6 August 1992, the Board issued its Reasons for Decision on six of the applications for export licences and the application to transfer an existing licence. The Board issued its decision on those applications at that time because of the contractual obligations of the applicants.

The remainder of the applications considered at the hearing are described below.

CanWest Gas Supply Inc. applied for a 12-year licence to export some 2.6 million cubic metres (92 million cubic feet) of natural gas per day. The gas, to be exported at Huntingdon, British Columbia, will be sold to Northwest Natural Gas Company for system supply. Northwest Natural is a local distribution company providing services to residential, commercial and industrial customers in the States of Oregon and Washington.

Enserch Development Corporation, on behalf of Encogen Northwest, L.P., applied for a 15-year licence to export some 271 800 cubic metres (9.6 million cubic feet) of natural gas per day near Huntingdon, British Columbia. The gas would be used to partially fuel a gas-fired combined cycle cogeneration plant to be constructed near Bellingham, Washington.

Kamine Natural Dam Cogen Co., Inc., as managing general partner of Kamine/Besicorp Natural Dam L.P., requested a 15-year licence to export some 340 000 cubic metres (12 million cubic feet) of natural gas per day near Iroquois, Ontario. The gas would be used to fuel a natural gas-fired cogeneration facility to be located at the site of the James River paper mill in Natural Dam, St. Lawrence County, New York.

Three applications were filed from **Makowski Selkirk, Inc., on behalf of Selkirk Cogen Partners II, L.P.** They have been filed jointly with **ATCOR Ltd., Esso Resources Canada Limited and Pan Canadian Petroleum Limited.** Selkirk and the three joint applicants are requesting three licences to export some 1.6 million cubic metres (55 million cubic feet) of natural gas per day over a 15-year period. The gas would be exported at Iroquois, Ontario and would be used by Selkirk to produce electricity at its gas-fired combined cycle cogeneration power plant to be located in Selkirk, New York.

New York State Electric & Gas Corporation is requesting a 12 year licence to export some 255 000 cubic metres (9 million cubic feet) of natural gas per day near Napierville, Quebec, and Niagara Falls, Iroquois and Chippawa, Ontario. The gas will be used to serve NYSEG's new franchise areas in Clinton County, New York.

The Board is conducting an environmental screening, in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there is no duplication with the Board's own regulatory process, of the applications by means of written submission.

The Board expects to issue its Reasons for Decision in the fall of 1992.

Hearings Scheduled

1. *TransCanada PipeLines Limited - 1993 Tolls - RH-2-92*

The Board has set down for public hearing, commencing on 13 October 1992 at 1:00 p.m. in Calgary, an application by TransCanada for approval of new tolls the company may charge, effective 1 January 1993.

The tolls requested by TransCanada for the Eastern Zone are on average 1.7 per cent higher than the tolls in effect during 1992.

The company also requested an 8.5 per cent increase in its revenue requirement, from \$1,439.6 million to \$1,561.5 million and applied to maintain the rate of return on common equity of 13.25 per cent approved by the Board in 1992.

As part of its application, TransCanada filed a final report on the joint industry 1993 Tolls Task Force which had been established to resolve issues deferred from prior Task Forces, address the Board's directives from prior decisions in conjunction with the current tolls application and resolve new issues

raised by the 1993 Tolls Task Force. This report contains a description of the issues which were dealt with by the Task Force along with the Task Force's recommendations on each issue. The Task Force is conducting on-going meetings with the aim of reaching an agreement on certain elements of the revenue requirement and the appropriate level of rate of return on common equity.

2. *Twelve Applications for Natural Gas Export Licences*

The Board has tentatively scheduled for public hearing, beginning in November 1992, twelve applications for licences to export natural gas.

The applications to be considered at the hearing are described below.

All of the exports, with the exception of ENCO Gas, Ltd., will be made via Kingsgate, British Columbia.

ENCO Gas, Ltd. applied for a 15-year and six month licence to export at Huntingdon, British Columbia up to some 601 300 cubic metres (21.2 million cubic feet) of natural gas per day. The gas will be used to fuel a cogeneration plant to be constructed near Sumas, Washington.

Poco Petroleum Ltd. applied for a 9-year and eleven month licence to export some 445 000 cubic metres (16 million cubic feet) of natural gas per day. Poco will sell the gas to Northwest Natural Gas Company who will use the gas as system supply to serve its customers in the States of Oregon and Washington.

Summit Resources Limited applied for a 7-year licence to export, in the winter, some 219 000 cubic metres (8 million cubic feet) per day of natural gas and, in the summer, some 141 000 cubic metres (5 million cubic feet) per day of natural gas. Summit will sell the gas to Northwest Natural Gas Company who will use the gas as system supply to serve its customers in the States of Oregon and Washington.

Southern California Edison Company ("Edison") filed four applications jointly with each of **AEC Oil and Gas Company, a division of Alberta Energy Company Ltd., Esso Resources Canada Limited, Shell Canada Limited and Western Gas Marketing Limited.**

All of the gas to be exported by Edison and the co-applicants would be used by Edison to produce electricity for sale to customers in central and southern California. Each of the applicants are proposing to export some 1 480 000 cubic metre (52 million cubic feet) per day of natural gas for 15-year periods commencing 1 November 1993.

San Diego Gas & Electric Company ("SDG&E") filed four applications jointly with each of **Bow Valley Industries Ltd., Canadian Hunter Marketing Ltd., Husky Oil Operations Ltd. and Summit Resources Limited.**

All of the gas to be exported by SDG&E and the co-applicants would be used by SDG&E, a local distribution company, to serve its customers in the State of California and to produce electricity. The four applications are as follows:

Bow Valley and SDG&E requested an 11-year licence to export some 140 000 cubic metres (5 million cubic feet) of natural gas per day.

Canadian Hunter and SDG&E requested a 10-year licence to export some 558 000 cubic metres (20 million cubic feet) of natural gas per day.

Husky Oil and SDG&E requested a 10-year licence to export some 610 000 cubic metres (22 million cubic feet) of natural gas per day.

Summit and SDG&E requested an 8-year licence to export some 195 000 cubic metres (7 million cubic feet) of natural gas per day.

The Washington Water Power Company, by its agent Grand Valley Gas Company, applied for a 15-year licence to export up to some 1.6 million cubic metres (57 million cubic feet) per day of natural gas. The gas will be used by Washington Water Power for its core market system supply.

Of the foregoing applications, the four Edison and the four SDG&E applications are for sales to the California market through the proposed expansion of the Alberta Natural Gas Company Ltd/Pacific Gas Transmission Company ("ANG/PGT") systems, while the applications by Washington Water Power, Summit and Poco are for sales to the

Pacific Northwest region, also through the ANG/PGT expansion. The ENCO application is for a sale to the Pacific Northwest region, but it does not involve the use of the ANG/PGT expansion.

In a letter dated 20 August 1992, the Board requested the applicants to file additional information in order to update their applications.

Matters Considered by Written Submission

Matters Completed

1. *Natural Gas Exports from the Mackenzie Delta by Esso Resources Canada Limited, Gulf Canada Resources Limited and Shell Canada Limited, Previously Approved by the Board in August 1989 (GH-10-88) - GHW-2-90*

Reasons for Decision dated June 1992; issued 22 July 1992.

In August 1989, the Board approved licences allowing the export of gas from the Delta by Esso Resources Canada Limited, Gulf Canada Resources and Shell Canada Limited. The licences authorize the export of natural gas to the United States for terms of 20 years commencing 1 November 1996. The total amount of gas to be exported is 260 billion cubic metres (9.2 trillion cubic feet). Esso proposes to export 144 billion cubic metres (5.1 trillion cubic feet), Gulf 91 billion cubic metres (3.2 trillion cubic feet) and Shell 25 billion cubic metres (0.9 trillion cubic feet).

The Board conducted an environmental screening, in accordance with the *Environmental Assessment and Review Process Guidelines Order*, of the above noted proposals to determine whether and, if so, to what extent, there may be any potential adverse environmental effects and social effects directly related to those environmental effects.

As a result of its environmental screening, the Board found that there are no potentially adverse environmental effects associated with the issuance of the export licences. The potential environmental effects identified by the Board relate to the construction and operation of the facilities which will be required to allow the export to take place. Environmental assessments for such facilities will be carried out by the relevant authorities at the appropriate time. Accordingly, the Board is satisfied that the exports themselves have no

potential adverse environmental effects and that the issuance of these licences may proceed without further environmental assessment.

The Board noted that all the facilities related to the development, production and transmission of the gas will be subjected to a thorough scrutiny by regulatory authorities which will include examination of the environmental and directly related social effects.

In a letter addressed to the Minister of Energy, Mines and Resources, the Board recommended Governor-in-Council approval of the licences issued to Esso, Gulf and Shell without further environmental review.

2. *Huntingdon International Pipeline Corporation ("HIPCO") - Pipeline Construction*

On 11 June 1992, the Board approved an application by HIPCO to construct two parallel pipelines totalling approximately 160 metres in length at Huntingdon, British Columbia.

HIPCO, a wholly-owned subsidiary of BC Gas, is authorized to construct two pipelines crossing the international boundary at Huntingdon to enhance BC Gas' operational flexibility in providing diverse gas sources to the Lower Mainland of British Columbia. The pipelines are designed to carry approximately 9.9 million cubic metres (350 million cubic feet) of gas per day. The estimated cost is \$1,284,800. The pipeline will provide two-way import/export options for flexibility during winter and summer seasons.

The Board conducted an environmental screening of the proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there was no duplication with the Board's own regulatory process. The Board determined that the potential

adverse environmental effects which may be caused by the proposals, including the social effects directly related thereto, would be insignificant or mitigable with known technology.

3. *Market-Based Procedure - GHW-1-91*

Reasons for Decision Dated May 1992; issued on 23 June 1992.

The Board issued its revised method to the way it applies the Market-Based Procedure ("MBP"), the procedure by which the Board assesses applications for long-term licences to export natural gas. The changes were made as part of the Board's ongoing efforts to maintain and improve the clarity and effectiveness of its regulatory process.

The MBP, used in the context of public hearings, consists of three parts: a *Complaints Procedure*, an *Export Impact Assessment*, and the *Other Public Interest Considerations*. The Board decided to provide a clarification to the *Other Public Interest Considerations* and to make some changes to the pre-hearing process.

The Board provided a statement of the *Other Public Interest Considerations* it will normally consider in reviewing a licence application. One component of the *Other Public Interest Considerations* is an assessment of the adequacy of an applicant's gas supply to support the licence over the application term. In making this assessment, the Board will continue to be flexible but will normally expect applicants to demonstrate that established reserves are equal to or exceed the applied-for volume and that productive capacity will be adequate to meet the proposed annual export volumes over the majority of the applied-for licence term.

With respect to the pre-hearing process, the Board will now require that licence

applicants file a summary of the contractual terms and conditions of the export sales arrangement, including a summary of the pricing provisions. The Board will also require that licence applicants submit the name of a contact person from whom details about the proposed export can be obtained and require that the name of the contact be included in the Board's news release announcing receipt of the application. These changes will improve the dissemination of information about an application before the hearing stage.

Matters Being Considered

4. *Alberta Natural Gas Company Ltd. - 1992 Tolls - RHW-1-92*

The Board is considering an application by Alberta Natural Gas for new tolls.

The Board decided to conduct this written hearing after receiving letters of complaint from the Independent Petroleum Association of Canada and from Czar Resources Limited about the rate of return on equity (13.25 percent after tax) for which the company has applied. The Board subsequently invited interested parties to submit written interventions on the matter.

Alberta Natural Gas originally filed its rates amendment to be effective 1 February 1992. After receiving the letters of complaint, however, the Board made the applied-for tolls interim, effective 7 February 1992.

The Board expects to render a decision on the application in the fall of 1992.

5. *Altamont Gas Transmission Canada Limited - Application to Construct a Pipeline - Preliminary Question of Jurisdiction - GHW-1-92*

The Board is considering by means of written submissions a jurisdictional question arising from an application by Altamont Gas Transmission Canada Limited ("Altamont Canada") to construct an international natural gas pipeline in southern Alberta.

On 26 July 1991, Altamont Canada filed an application pursuant to section 58 of the *National Energy Board Act* for approval to construct a 300 metre segment of pipeline next to the international border at an estimated capital cost of \$287,000. The proposed Altamont Canada pipeline is one link in a proposed pipeline system intended to export Canadian gas to markets in the United States, principally in southern California. The capacity of the system, which is proposed to go in service on 1 November 1994, would be 20.8 million cubic metres per day (736 MMcfd).

The proposed pipeline would connect upstream with a proposed 217 kilometre long pipeline to be owned and operated by NOVA Corporation of Alberta ("NOVA") leading from the area near Princess, Alberta. Downstream at the Alberta/Montana border, the proposed pipeline would connect with a 998 kilometre long pipeline proposed by Altamont Gas Transmission Company. The Altamont Gas Transmission Company pipeline would connect downstream at Opal, Wyoming with the existing pipeline of Kern River Transmission Company leading into California.

Altamont Canada is seeking authorization to construct the 300 metre segment of pipeline under a provision of the *National Energy Board Act* that applies only to pipelines not exceeding in any case 40 kilometres in length. The Board has to determine whether the pipeline that would be subject to federal jurisdiction satisfies this criteria in order to confirm that it has the statutory authority to grant the authorization as requested by Altamont Canada.

The preliminary question of jurisdiction posed by the Board in Order GHW-1-92 (as amended) was as follows:

Is the proposed pipeline of the Applicant part of a larger extra-provincial work to be constructed from a point near Princess, Alberta to a point of interconnection in the United States, the entire Canadian portion of which is subject to

the jurisdiction of Parliament pursuant to section 92(10)(a) of the *Constitution Act 1867*, having regard to the following factors:

- (a) the physical connections between the pipelines of NOVA Corporation of Alberta, Altamont Gas Transmission Canada Limited, and Altamont Gas Transmission Company;
- (b) the operation of the NOVA Corporation of Alberta and Altamont Gas Transmission Canada Limited pipelines as a pipeline wholly or substantially dedicated to the export of a commodity from Canada; and
- (c) the purposes to be served by the construction of the pipelines of NOVA Corporation of Alberta and Altamont Gas Transmission Canada Limited.

In accordance with the Directions on Procedure set out in Order GHW-1-92 (as amended), Altamont Canada filed its written submission on the preliminary question of jurisdiction on 27 July 1992. Written submissions by interested parties were received during the 7-13 August 1992 period, and Altamont Canada's reply comments followed on 20 August 1992.

The Board's review of the written submissions is continuing.

6. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation ("POWEREX") - Export of Electricity - EW-2-91*

The Board is considering an application by B.C. Hydro and POWEREX for two six-year permits to export electricity to the western United States.

One permit is for the export of up to 2 300 megawatts of firm power and up to 6 000 gigawatt hours of firm energy in each year from 1 October 1991 to 30 September 1997. A second permit is

for the export of up to 20 000 gigawatt hours of interruptible energy from 1 October 1991 to 30 September 1997 less the amount, if any, exported under the firm electricity export permit.

The electricity would be exported to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool.

The Board has extended the terms of the existing licences to 31 December 1992 in order to enable it to process the application.

The Board requested interested parties to make their views on the application known before determining whether to issue export permits or recommend to the Minister that the Governor in Council designate the application for licensing. Such a designation would necessitate a public hearing.

Written submissions from parties, detailing their concerns were due on 12 June 1992. Any replies the Applicant may have to written submissions from interested parties were due on 29 June 1992.

The Board has advised interested parties, pursuant to Order AO-4-EW-2-91, on the procedures for the assessment of the environmental impact of the exports and the environmental screening of the proposal under the *Environmental Assessment and Review Process Guidelines Order*.

As a result of the July 1991 Federal Court of Appeal judgement in the case of the Attorney General of Quebec vs. the National Energy Board, the Board will no longer require evidence on the environmental impact resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of B. C. Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any environmental impact from the sending of electricity from Canada not known at that time will be considered in the current review.

7. Manitoba Hydro-Electric Board - Export of Electricity - EW-1-91

The Board is considering an application from Manitoba Hydro for three permits to export electricity to Northern States Power Company and United Power Association in Minnesota.

One permit is for the export of up to 200 megawatts of firm power and 883 gigawatt hours of energy to Northern States Power Company during the summer seasons (1 May to 31 October) of 1997 to 2016. The second permit is for the export of up to 400 megawatts of firm power and 1766 gigawatt hours of energy to Northern States Power during the summer seasons of 1992 to 1994 and up to 150 megawatts of firm power and 663 gigawatt hours of energy during the summer season from 1995 to 2014. The third permit is for up to 150 megawatts of firm power and 663 gigawatt hours of energy to United Power Association during the summer seasons of 1995 to 2014.

The exports would be made in accordance with the terms of seasonal diversity agreements providing for the return of electricity to Manitoba Hydro by the purchasers during the winter season. Those agreements give Manitoba Hydro the right to purchase specific amounts of energy from its export customers when it faces "low water conditions" and requires such imports to meet its firm provincial demands and out-of-province firm commitments.

The Board requested interested parties to make their views known on the application before it determines whether to issue export permits or recommend to the Minister that the Governor in Council designate Manitoba Hydro's

application for licensing. Such a designation would necessitate a public hearing.

The Board is conducting an environmental screening of the proposed export. Any information pertaining to the potential environmental impact of the proposed exports submitted by interested parties will be considered by the Board in arriving at its decision.

As a result of the July 1991 judgement of the Federal Court of Appeal judgement in the case of the Attorney General of Quebec vs. the National Energy Board, the Board will no longer require evidence on the environmental impact resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of Manitoba Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any environmental impact from the sending of electricity from Canada not known at that time will be considered in the current review.

The Board expects to issue its Reasons for Decision on this matter in September 1992.

8. Manitoba Hydro-Electric Board - Export of Electricity - EHW-1-92

The Board is considering an application by Manitoba Hydro for permits to export electricity to various utilities in the United States.

The exports would be made in accordance with the terms of Interconnection or Coordination Agreements signed with Northern States Power Company, United Power Association, Minnesota Power and Light Company, Minnkota Power Cooperative, and Otter Tail Power Company.

The Interconnection Agreements provide for the transfer of surplus power and energy from Manitoba Hydro's system to the U.S. purchasers at times of suitable river flow conditions. The export authorizations would enable Manitoba Hydro to utilize economic benefits from such surpluses as and when available.

Under the first permit requested, Manitoba Hydro would be authorized to export up to 1 900 megawatts of short-term firm capacity and energy for a term of 30 years beginning 1 November 1992 through 31 October 2022. This permit would replace an existing licence which expires on 31 October 1992.

Under the second permit, Manitoba Hydro would be authorized to export up to 16 650 gigawatt hours of interruptible energy less the amount of energy exported under the first permit. This permit would replace three existing licences which expire on 31 October 1992.

The Board requested that interested parties make their views known on the application before it determines whether to issue export permits or to recommend to the Minister that the Governor in Council designate the application for licensing. Such a designation would necessitate a subsequent public hearing.

In making this determination, the Board takes into account various considerations, including the impact of the export on the environment. As a result of the July 1991 judgement of the Federal Court of Appeal judgement in the case of the Attorney General of Quebec vs. the National Energy Board, the Board will no longer require evidence on the environmental impact resulting from the actual production of electricity for export purposes. The Court's judgement stated that the Board's jurisdiction with respect to assessing the environmental impact of the export is limited to the export itself, i.e. the sending of electricity from Canada by line of wire or other conductor.

Environmental impact assessments of Manitoba Hydro's international power lines were conducted by the Board when it reviewed applications by the utility for certificates to construct and operate these power lines. Any environmental impact from the sending of electricity from Canada not known at that time will be considered in the current review.

Interested parties had until 25 May 1992 to file an intervention with the Board describing the nature of its interest and identifying the issues it wishes to address.

After reviewing the application, interested parties had until 20 July 1992 to file their written submissions. Manitoba Hydro had until 17 August 1992 to respond to any submissions received.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

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| 1. Foothills Pipe Lines (Yukon) Ltd. | - Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Foothills Pipe Lines (Yukon) Ltd. | - Application dated 13 February 1985 for a certificate for expansion of the eastern leg of the Alaska Highway Natural Gas Pipeline System. |
| 4. Mobil Oil Canada Ltd., Petro-Canada Inc.,
Texaco Canada Resources Ltd. and
Nova Scotia Resources (Ventures) Limited | - Applications dated 17 July 1985 to export natural gas (Venture Project). |
| 5. Foothills Pipe Lines Ltd. | - Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline. |

Under Consideration

- | | |
|---|---|
| 6. Westcoast Energy Inc. | - Application dated 31 July 1992 for new tolls for the year 1993. |
| 7. Trans Québec & Maritimes Pipeline Inc. | - Application dated 28 August 1992 for new tolls for the years 1993 and 1994. |

Other Regulatory Matters

The Board has before it a number of applications and other matters that do not require public hearings. They include reviews, appeals and applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 June 1992 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Reviews

1. *TransCanada PipeLines Limited, ANR Pipeline Company, Rochester Gas & Electric Corporation and St. Clair Pipelines Limited - Review of the Blackhorse Extension Reasons for Decision - GH-R-1-92*

(Refer to Item 4 under *Recent Hearing Reports and Decisions*.)

2. *TransGas Limited - Review of TransCanada PipeLines Limited's Toll Decision RH-4-91*

(Refer to item 2 under *Appeals*)

On 2 June 1992, TransGas filed an application for review of the Board's Reasons for Decision RH-4-91 issued on 30 April 1992 regarding TransCanada's tolls for 1992. TransGas sought a review with respect to the method of refunding of excess revenues collected by TransCanada under the interim order for tolls approved by the Board for the period 1 January to 31 March 1992.

The Board ruled in its Reasons for Decision that interim tolls which had been in effect between 1 January and 31 March 1992 had resulted in an revenue surplus of \$2,552,426 and established tolls effective 1 April 1992 which were designed to refund the revenue surplus to all tollpayers over the balance of 1992.

TransGas said in its application for review that approximately \$959,589 or 40 percent of the revenue surplus was caused by interim demand tolls charged to TransGas by TransCanada during the period 1 January to 31 March 1992.

On 11 June 1992, the Board decided that TransGas' application would be subject to a two-stage procedure. Initially, the Board proposed to determine whether decision RH-4-91 is reviewable in accordance with the draft *NEB Rules of Practice and Procedure*. Subsequently, if the Board decided to declare the decision reviewable, the applicant would have an opportunity to file a further submission and each interested party would have an opportunity to file an answer on the merits of the review, to which the applicant will have an opportunity to file a reply.

On August 21 1992, the Board found the matter to be reviewable insofar as it relates to the manner in which the refund of the surplus interim revenue would be distributed. The Board has allowed TransGas to file a further submission regarding the issue by 25 September 1992. TransCanada and all other parties to RH-4-91 may file a response to the submission by 2 October 1992. TransGas may file a reply to any response received by 9 October 1992.

3. *Altamont Gas Transmission Canada Limited and Altamont Gas Transmission Company - Review of the May 1992 Reasons for Decision GHW-2-91 - Facilities Application of Alberta Natural Gas Company Ltd*

On 12 August 1992, Altamont Canada and Altamont ("the Applicants") applied to the Board to review its decision GHW-1-91 by which it authorized Alberta Natural Gas to construct certain facilities in Alberta for exports to the California market.

The Applicants submitted that the correctness of the said decision and order are in doubt by virtue of:

- an error of law and jurisdiction;
- changed circumstance that have arisen since the issuance of the Order or Decision;
- new facts that have arisen since the issuance of the Order or Decision.

The Applicants also applied for a stay of the Decision and Order pending the disposition of the application for review.

The Board is currently reviewing the application.

Appeals

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

On 26 October 1990, Hydro-Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision of August 1990 to issue licences to Hydro-Québec for exports of firm electricity to the Vermont Joint Owners and the New York Power Authority.

Hydro-Québec's grounds for appeal were that the Board exceeded its jurisdiction when it made the licences subject to conditions that these shall remain valid to the extent that any production facility required by Hydro-Québec to supply the authorized exports, for which construction had not yet been authorized at the time of completion of the hearing, will have been subjected, prior to its construction, to the appropriate environmental assessment and review procedures as well as to the applicable environmental standards and guidelines

in accordance with federal government laws and regulations. Hydro-Québec argued that its generation facilities are local works under the exclusive jurisdiction of the province of Quebec and thus not subject to federal regulation. The appellant further held that federal regulation of its proposed facilities would unduly duplicate provincial review processes and standards.

The Grand Council argued that the Board erred in applying Bill C-23, which came into force on 1 June 1990, to the applications of Hydro-Québec filed with the Board prior to the coming into force of Bill C-23. The Grand Council was of the view that the Board had to apply paragraph 118(b) of the Act as it read before the coming into force of Bill C-23 to the applications of Hydro-Québec and find that the export price was just and reasonable and in the public interest, which it could not do because of the insufficient evidence filed by Hydro-Québec.

On 31 October 1990, the Board was served with the application of Le Procureur général du Québec for leave to appeal. In addition to the grounds already raised by Hydro-Québec, Le Procureur général also argues that the EARP Guidelines Order does not apply to the Crown in right of a province and that the provisions of paragraph 119.06(2)(b) of the Act directing the Board to have regard to the environmental impacts of electricity exports are unconstitutional.

On 28 November 1990, the Federal Court of Appeal granted the applications of all three appellants for leave to appeal.

Le Procureur général, Hydro-Québec and the Grand Council filed their notices of appeal on 7, 10 and 18 December 1990, respectively.

The appeals were heard in Montreal from 10 to 14 June 1991.

In its decision the Court first considered the Board's power to make Hydro-

Québec's export licences subject to environmental conditions pertaining to upstream production facilities. The Court found that the Board could only impose such conditions if its jurisdiction could be said to extend to such production facilities. In answering this question the Court looked to the Board's Act, and - in particular to the definition of "export" contained in the Act. (Section 2 of the Act defines "export" to mean - with reference to power - to send from Canada by a line or wire or other conductor power produced in Canada.) The Court found that the export of power and the production of power are two distinct activities. As the Board's mandate under the Act is limited to considering the export of power, the Court held that the Board lacked the necessary statutory authority to impose conditions in respect of upstream production facilities. On that basis, the Court ruled that the Board exceeded its jurisdiction in including the two environmental conditions in Hydro-Québec's export licences.

The Court concluded that, as the two impugned conditions could be disassociated from the licence, and there was nothing in the Board's Reasons for Decision to suggest that, within the limits of its jurisdiction, the Board had reasons for refusing to grant Hydro-Québec's application, that the quashing of the conditions should not result in a quashing of the Board's entire decision.

The Court next considered the arguments raised by the Grand Council. The Court ruled that the Grand Council's argument that the Board had incorrectly applied Bill C-23 in considering Hydro-Québec's export application failed on two grounds. First, the Court found that the Board was correct in applying the procedural aspects of Bill C-23 to Hydro-Québec's application, in that such practice was consistent with the general principles of statutory construction. The Grand Council had also argued that the application of Bill C-23 to Hydro-Québec's application constituted a breach of the rules of natural justice.

The Court dismissed this argument, noting that the Grand Council had complete latitude at the hearing to act on their clear understanding that the coming into effect of Bill C-23 could affect the Decision rendered.

Finally, the Court ruled that, in any event, the Grand Council's argument vis-à-vis Bill C-23 led nowhere as, in making its decision, the Board had employed pre-Bill C-23 criteria in assessing Hydro-Québec's application. On that basis, the Court concluded the Grand Council's Bill-C23 argument to be untenable.

The Court then went on to consider the Grand Council's second ground of appeal. In making its decision the Board made a finding that the proposed export price was just and reasonable, and that it would recover an appropriate share of costs incurred in Canada. On appeal, the Grand Council argued that the Board could not have validly arrived at such conclusion as it had no direct evidence on this matter before it. The Court found that there was no requirement that the Board base its conclusion upon direct evidence exclusively. The Court noted that, at the original export licence hearing, the Board had before it the testimony of a series of witnesses and the abundant documentary evidence submitted by Hydro-Québec on the question of profitability. It also had before it evidence that the Government of Québec had approved the export contract because of the clear benefit that the province would derive from it. The Court concluded that the evidence, while not all direct, carried strong persuasive force. The Court found that the Board had been persuaded by the evidence, and did not see a basis upon which it could undertake to dispute the Board's conclusion. The Court also noted that courts have historically been hesitant to dispute findings of fact made by Administrative tribunals.

On 30 October 1991, the Grand Council and the Cree Regional Authority filed an application for leave to appeal the

decision of the Federal Court with the Supreme Court of Canada. On 11 June 1992, the Supreme court granted leave to appeal.

2. *TransGas Limited - Application for Leave to Appeal the TransCanada PipeLines Limited's Toll Decision RH-4-91*

(Refer to item 2 under *Reviews*)

On 2 June 1992, TransGas filed an application in the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision RH-4-91 issued on 30 April 1992 regarding TransCanada's tolls for 1992. TransGas is seeking the appeal regarding the method of refunding of excess revenues collected by TransCanada under the interim order for tolls approved by the Board for the period 1 January to 31 March 1992.

TransGas has requested that the Court not proceed with its application for leave to appeal until the Board has disposed of an application for review concerning the same subject matter.

Gas Matters

1. *Natural Gas Market Assessment: Long-Term Canadian Natural Gas Contracts*

The issued a report entitled "*Natural Gas Market Assessment: Long-Term Canadian Natural Gas Contracts*". This study was undertaken as part of the Board's ongoing monitoring of the Canadian natural gas market.

The report provides a comprehensive descriptive analysis of the changes which have occurred in the nature of long-term contracts governing the sale of western Canadian gas in the domestic and export markets from 1985 to 1991. The study analyses the contractual arrangements which underpin such gas flows; it does not analyse the flows themselves.

2. *Export Impact Assessment*

The Board has decided to prepare its second Export Impact Assessment ("EIA"), to take into account the long-term gas market outlook in the Board's report entitled *Canadian Energy Supply and Demand 1990-2010*, dated June 1991 and issued in September 1991, and to take into account the submissions and comments received on the first EIA prepared by the Board.

The EIA forms one component of the public hearing component of the Market-Based Procedure, the method by which the Board assesses applications for long-term natural gas export licences. The intent of the EIA is to allow the Board to determine whether a proposed export is likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

When the Market-Based Procedure was implemented in 1987, the Board initially required licence applicants to file their own EIA studies. However, in 1989 the Board decided that it would produce and EIA, and that applicants could rely on the Board's EIA or file their own.

The Board issue a draft of its second EIA and has invited interested parties to comment on the draft EIA. After reviewing the submissions, the Board will arrange a workshop to promote discussion and exchange of information among participants on the approach taken, the main assumptions and on the issues which arise in the EIA analysis. The Board will then issue its final EIA.

Interested parties were requested to file submissions with the Board by 21 November 1992. Shortly after that date, the Board will issue a list of issues for discussion at the technical workshop the Board intends to hold on 21 January 1993.

3. *Alberta & Southern Gas Co. Ltd. - 1992/93 Price Redetermination*

On 28 July 1992, Alberta & Southern applied to the Board for approval of an amending agreement dated 1 August 1992 to the long-term gas sales contract dated 31 January 1961 with Pacific Gas Transmission Company. The amending agreement establishes the pricing terms for the contract year 1992/93 for exports to northern California under Licence GL-99.

The Board approved the application on 30 July 1992.

4. *BC Gas Inc.- Amendment to Gas Export Licence GL-123*

On 1 November 1991, BC Gas applied to the Board for approval of amendments to Licence GL-123. The application was subsequently replaced by a new application dated 2 December 1991, whereby BC Gas requested that the Board issue a long-term export/import order to replace Licence GL-123.

The application is currently under review.

5. *Direct Energy Marketing Limited - Amendment to Gas Export Licence GL-132*

By application dated 6 December 1991, Direct Energy applied to the Board to amend Licence GL-132 by changing the export point from Philipsburg to Highwater, Quebec and to extend the expiry date from 30 June to 31 October 2006 without increasing the term quantity authorized for export. In addition, Direct Energy applied for the approval of a new gas sales agreement with Granite State Transmission Inc. This new agreement would replace an existing agreement between Direct Energy and Consolidated Fuels Company.

On 13 August 1992, the Board approved the application and decided to issue a new licence to Direct Energy.

6. *Poco Petroleum Ltd. - Application to Amend Gas Export Licence GL-118*

By application dated 13 May 1992, Poco applied to the Board for approval of the following:

- (a) to remove two conditions in Licence GL-118 linking it to Licence GL-117;
- (b) extend the term of Licence GL-118 from 31 October 2000 to 31 October 2004;
- (c) increase the term volume from 1 629.18 million cubic metres (57.5 million cubic feet) to 2 248.9 million cubic metres (79.4 million cubic feet); and
- (d) approve a Consolidated and Restated Natural Gas Purchase Agreement between Poco and Midland Cogeneration Venture Limited Partnership.

On 2 July 1992, the Board approved the request for the deletion from the licence of the linking conditions and also approved the Consolidated and Restated Natural Gas Purchase Agreement. The Board deferred its decision regarding the applied-for term extension until it has ruled on the requested increase in term volume.

On 2 July, the Board sent a letter to Poco requesting additional information. The Board is currently reviewing Poco's reply.

7. *KannGaz Producers Ltd. - Amendment to Gas Export Licence GL-77*

KannGaz applied on 27 September 1991 to amend Licence GL-77 to extend the termination date of the licence from 31 October 1999 to 31 October 2002 and to set the volumes to be exported at 3 540 000 cubic metres (122 million cubic feet) per day and 1 292 100 000 cubic metres (46 billion cubic feet) annually.

On 9 July 1992, the Board sent a letter to KannGaz requesting additional information.

8. *Western Gas Marketing, as Agent for TransCanada PipeLines Limited - Amendment to a Gas Sales Contract*

By application dated 6 February 1992, Western Gas Marketing, as agent for TransCanada, applied to the Board for approval of an amendment dated 16 November 1991 to the 27 July 1988 Gas Purchase Agreement between TransCanada and Minnegasco. The amendments provide for minimum-take provisions and changes to the pricing mechanism.

The Board approved the application on 18 June 1992.

Pipeline Matters

1. *Survey on Leaks at Valve Sites*

By letter dated 6 November 1991, the Transportation Safety Board reported to the Board an incident involving a leaking valve site. The Transportation Safety Board suggested in its letter that such leaks are hazardous and that all such incidents should be reported to the NEB.

On 12 December 1991, the Board decided that an examination of the issue of leaks at valve sites may be warranted. In order that the hazards associated with gas leaks may be better understood, the Board sent a letter to all pipeline companies under its jurisdiction requesting them to provide, by 31 January 1992, information on the operating practices of gas pipeline companies regarding leaks at valve sites.

On 18 June 1992, the Board sent a letter to the Transportation Safety Board responding to the concerns that it had raised.

2. *Altamont Gas Transmission Canada Limited - Pipeline Construction*

(Refer to item 5 under *Matters Considered by Written Submission*)

On 26 July 1991, Altamont Gas Transmission Canada Limited ("Altamont Canada") filed an application pursuant to section 58 of the *National Energy Board Act* for authorization to construct a 300 metre segment of 762 millimetre diameter pipeline at the international border in southern Alberta.

The proposed Altamont Canada pipeline is one link in a proposed pipeline system intended to export Canadian gas to markets in the United States, principally in southern California. The capacity of the system, which is proposed to go into service on 1 November 1994, would be 20.8 million cubic metres per day (736 MMcfd).

Consideration of the application by the Board is dependent upon the resolution of a preliminary question of jurisdiction.

3. *Bonanza Oil & Gas Ltd. and Poco Petroleum Ltd. - Amalgamation of Bonanza with Poco*

By application dated 20 April 1992, Poco applied for approval to transfer a pipeline from Bonanza to Poco. Poco also applied for the approval of the amalgamation of Bonanza and Poco. The name of the amalgamated company would be Poco Petroleum Ltd.

Bonanza owns and operates a 5.4-kilometre long pipeline between Bonanza's gas well in Saskatchewan and a gathering system in Alberta owned by Petrolia Oil & Gas Ltd.

The Board approved the application on 16 July 1992.

4. *Many Islands Pipe Lines (Canada) Limited - Pipeline Construction*

By application dated 24 April 1992, Many Islands applied to the Board for approval to construct a natural gas pipeline, approximately 5.9 kilometres in length, which would link the Husky Bi-Provincial Upgrader southeast of Lloydminster, Saskatchewan to a

Northwestern Utilities Limited pipeline tie-in located inside the Alberta border. The application also included the construction of metering and flow control equipment at the downstream end and the purchase of a 1.6-kilometre pipeline from Northwestern Utilities.

The Board is currently reviewing the application.

5. Sumas Energy Inc. - Pipeline Construction

Sumas Energy Inc., a subsidiary of National Energy Systems Company of Redmond, Washington, filed an application on 14 September 1990 to construct a 280-metre long gas pipeline from Westcoast Energy Inc.'s Huntingdon meter station to the Canada-United States border. The purpose of the line is to provide a source of gas to a proposed cogeneration facility to be located near Sumas, Washington. The cost of the pipeline project in Canada is estimated at \$102 000.

In December 1990, the Board sent a letter to Sumas requesting additional information.

As of 1 September 1992, Sumas had not yet responded to the Board's information request.

6. TransCanada PipeLines Limited - Sale and Abandonment of a Portion of Line 200-1

On 22 May 1992, TransCanada applied for leave to sell, lease and/or abandon four distinct portions of Line 200-1 between mainline valves 204 and 207. This section of line, which was installed around 1960, has become redundant with the construction of the Kirkwall Line and other system changes.

The Board approved the application on 23 July 1992.

7. Westcoast Energy Inc. - Pipeline Construction

On 7 November 1991, Westcoast applied for approval to construct an 8.27-kilometre long pipeline to transport raw gas produced in the West Clark Lake Field 25 kilometres southwest of Fort Nelson to the Beaver River Pipeline on the Fort Nelson Raw Gas Transmission System. The estimated cost of the pipeline is \$1 945 000.

On 12 December 1991, the Board sent a letter to Westcoast requesting additional information and allowing for the filing of comments from interested parties on an expedited basis.

On 7 February 1992, the Board sent a letter to Westcoast requesting additional information with respect to the Prophet River crossing.

On 22 April 1992, Westcoast responded to the Board's information request.

On 20 July 1992, Westcoast filed a supplemental application which is currently under review by the Board.

8. Documentation Audit Reports

The Board has adopted Documentation Audit Reports for compliance with the *Onshore Pipeline Regulations* for the following companies:

Sun-Canadian Pipe Line Company Limited - 13 August 1992
 Shell Canada Products Limited - 13 August 1992
 St. Clair Pipelines Ltd - 13 August 1992
 Union Gas Limited - 13 August 1992
 Windsor Storage Joint Venture - 13 August 1992

9. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the approximate value of the approved projects, the date of approval and the order number.

Gas Orders

1. Huntingdon International Pipeline Corporation
 Approved on 9 June 1992
 Estimated Cost: \$1,284,800
 Order Number: XG-15-92
2. TransCanada PipeLines Limited
 Approved on 2 July 1992
 Estimated cost: \$1,149,000
 Order Number: XG-18-92
3. TransCanada PipeLines Limited
 Approved on 2 July 1992
 Estimated cost: \$67,000
 Order Number: XG-19-92
4. Westcoast Energy Inc.
 Approved on 4 June 1992
 Estimated Cost: \$872,000
 Order Number: XG-21-92
5. Westcoast Energy Inc.
 Approved on 30 July 1992
 Estimated Cost: \$27,104,000
 Order Number: XG-22-92
5. TransCanada PipeLines Limited
 Approved on 17 June 1992
 Estimated cost: \$39,058,000
 Order Number: XG-23-92
6. Westcoast Energy Inc.
 Approved on 18 June 1992
 Estimated Cost: \$135,000
 Order Number: XG-24-92
7. Westcoast Energy Inc.
 Approved on 9 July 1992
 Estimated Cost: \$39,477,000
 Order Number: XG-25-92
8. Westcoast Energy Inc.
 Approved on 4 June 1992
 Estimated Cost: \$657,000
 Order Number: XG-26-92
9. Westcoast Energy Inc.
 Approved on 2 July 1992
 Estimated Cost: \$147,000
 Order Number: XG-27-92

10. Trans Québec & Maritimes Pipeline Inc.
Approved on 27 August 1992
Estimated Cost: \$423,000
Order Number: XG-30-92

11. Trans Québec & Maritimes Pipeline Inc.
Approved on 20 August 1992
Estimated Cost: \$128,000
Order Number: XG-31-92

12. Trans Québec & Maritimes Pipeline Inc.
Approved on 27 August 1992
Estimated Cost: \$445,000
Order Number: XG-32-92

13. Trans Québec & Maritimes Pipeline Inc.
Approved on 27 August 1992
Estimated Cost: \$738,000
Order Number: XG-33-92

14. Westcoast Energy Inc.
Approved on 6 August 1992
Estimated Cost: \$1,014,000
Order Number: XG-35-92

15. TransCanada PipeLines Limited
Approved on 13 August 1992
Estimated cost: \$56,300
Order Number: XG-37-92

16. Westcoast Energy Inc.
Approved on 27 August 1992
Estimated Cost: \$512,400
Order Number: XG-38-92

Oil Orders

17. Trans-Northern Pipelines Inc.
Approved on 18 June 1992
Estimated Cost: \$2,862,000
Order Number: XO-11-92

18. Trans Mountain Pipeline Company Ltd.
Approved on 4 June 1992
Estimated Cost: \$6,477,300
Order Number: XO-12-92

19. Trans Mountain Pipeline Company Ltd.
Approved on 13 July 1992
Estimated Cost: \$235,000
Order Number: XO-16-92

20. Interprovincial Pipe Line Inc.
Approved on 30 July 1992
Estimated Cost: \$787,500
Order Number: XO-17-92

21. Trans-Northern Pipelines Inc.
Approved on 17 July 1992
Estimated Cost: \$50,000
Order Number: XO-19-92

22. Dome Kerrobert Pipeline Ltd. and PanCanadian Kerrobert Pipeline Ltd.
Approved on 6 August 1992
Estimated Cost: \$2,070,000
Order Number: XO-20-92

23. Interprovincial Pipe Line Inc.
Approved on 27 August 1992
Estimated Cost: \$507,700
Order Number: XO-21-92

24. Cochin Pipe Line Ltd.
Approved on 16 August 1992
Estimated Cost: \$23,000
Order Number: XO-22-92

Amending Orders - Gas

25. Westcoast Energy Inc.
Approved on 4 June 1992
Estimated Cost: \$32,379,000
Order Number: AO-5-XG-26-90

26. Westcoast Energy Inc.
Approved on 2 July 1992
Estimated Cost: \$33,580,000
Order Number: AO-6-XGM-26-90

27. Westcoast Energy Inc.
Approved on 27 August 1992
Estimated Cost: \$33,615,000
Order Number: AO-7-XGM-26-90

28. Westcoast Energy Inc.
Approved on 16 July 1992
Estimated Cost: \$336,000
Order Number: AO-3-XGM-10-88

29. Westcoast Energy Inc.
Approved on 16 July 1992
Estimated Cost: \$32,737,000
Order Number: AO-5-XGM-21-89

30. Westcoast Energy Inc.
Approved on 16 July 1992
Estimated Cost: \$6,137,000
Order Number: AO-1-XGM-11-90

Amending Orders - Oil

31. Interprovincial Pipe Line Inc.
Approved on 25 June 1992
Estimated Cost: \$61,313,000
Order Number: AO-2-XOM-15-90

32. Interprovincial Pipe Line Inc.
Approved on 30 July 1992
Estimated Cost: \$70,993,700
Order Number: AO-1-XO-6-92

33. Interprovincial Pipe Line Inc.
Approved on 25 June 1992
Estimated Cost: \$2,412,600
Order Number: AO-1-XO-3-91

34. Interprovincial Pipe Line Inc.
Approved on 6 August 1992
Estimated Cost: \$59,200,500
Order Number: AO-3-XOM-15-90

Traffic and Toll Matters

1. Incentive Rate Regulation

On 23 March 1992, the Board advised certain interested parties that it was intending to examine the potential for incentive rate regulation of federal jurisdiction pipelines in Canada.

In its letter, the Board stated that it would release a background paper on the subject and invite written comments on incentive regulation. The Board would then sponsor a workshop in which there would be an opportunity for dialogue between interested parties and Board staff in a non-legal setting.

On 22 June 1992, the Board issued a background paper entitled "Alternatives to Traditional Cost of Service Regulation" and a "Preliminary List of Questions". On the same day, the Board scheduled the dates for written submissions which are to be filed on

30 September 1992. Comments on the written submissions are to be filed by 23 October 1992. Shortly after 23 October, the Board will issue a List of Issues for discussion at the technical workshops to be held in Calgary on 8 and 10 December 1992.

On 23 July 1992, the Board issued a revised List of Questions to be Addressed by Parties Filing Written Submissions and a revised list of interested parties.

2. Centra Transmission Holdings Ltd. - Tariff Filing

On 30 January 1991, Centra (formerly ICG Transmission Holdings Ltd.) filed a new tariff for a toll increase effective 15 February 1991. The Company stated that the tariff revision results from a \$1.2 million increase in the cost of service as a result of its 1990 system expansion to serve a new cogeneration plant at Fort Frances, Ontario.

On 29 April 1991, the Corporation of the Town of Fort Frances filed a complaint with the Board in which it asked that the toll increase be suspended. The Board decided to consider the request and, on 1 August 1991, made Centra's toll interim pending a Board review of the matter.

Interested parties had until 15 January 1992, to file comments on the application and Centra had until 31 January 1992, to reply to any comments received.

On 16 December 1991, Centra requested a revision to its interim tolls, which the Board approved on 30 December 1991.

The Board is currently reviewing the application.

3. Cochin Pipe Lines Ltd. - Tariff NEB No. 6 Supplement No. 1 - Apportionment Procedures

On 15 July 1992, Cochin filed for Board approval the above-mentioned tariff to be effective 31 July 1992.

On 30 July 1992, the Board decided that the new apportionment procedures in the tariff reflected a major change in the existing procedures and, as a result, decided that existing shippers and interested parties should be allowed to comment on the matter. Interested parties had until 18 August 1992 to file their comments and Cochin had until 31 August 1992 to reply to any comments received.

The Board further decided to suspend Cochin's tariff pending receipt of comments and the Board's review of the proposed changes.

The Board is currently reviewing the comments received.

4. Genesis Pipelines Canada Ltd. - Tariff Filing

On 29 June 1992, Genesis filed for Board approval a revised set of tariff conditions and new tolls to be effective 1 August 1992.

On 11 August 1992, CanStates Energy filed with the Board a letter objecting to the toll increases.

On 27 August 1992, the Board sent a letter to Genesis advising it that it was considering CanStates complaint and had decided that in the meantime the new tolls would be charged on an interim basis from 1 September 1992. The Board also decided that interested parties are to submit any comments on this matter by 5 October 1992 and that Genesis is to file its responses to any comments received by 19 October 1992.

5. Interprovincial Pipe Line Inc. - Toll Application for the Montreal Extension of Interprovincial Pipe Line

By application dated 16 June 1992, Interprovincial applied to the Board for approval of integrated tolls, to be effective 30 June 1992, while its Sarnia, Ontario to Montreal, Quebec pipeline, also known as "The Montreal Extension," is operating for west-to-east service. The pipeline was being reopened to fill a nomination from the

Alberta Petroleum Marketing Commission for crude oil delivery to Montreal.

The Board approved the application on 30 June 1992.

6. The Consumers' Gas Company Ltd. - Capacity Brokering on the TransCanada PipeLines Limited System

By letter dated 31 January 1992, Consumers' Gas explained that, when it charges less for service under subshipper agreements than the Board-approved tolls it pays to TransCanada for service under the FS and FST contracts, it believes that it may be violating Section 69(1) of the *National Energy Board Act*. Therefore, Consumers' Gas has sought the Board's assurance that the Board would not give leave, under Section 69(2) of the Act, for a prosecution of Consumers' Gas under Section 69(1) of the Act based on the lesser charge for service under subshipper agreements. Consumers' Gas wishes to discount with impunity in subshipper agreements and, accordingly, is seeking a "no prosecution" assurance similar to that contained in the Board's decision in the RH-1-88 Phase II proceeding regarding capacity brokering.

The Board decided to seek interested parties comments on the request. Interested parties had until 12 June 1992 to provide their comments and Consumers' Gas had until 19 June to reply to any comments received.

On 30 July 1992, the Board decided, in order to allow a more thorough examination of the issue, to defer consideration of Consumers' request to a future TransCanada toll hearing. (Refer to Item 1 under *Hearings Scheduled*.)

7. Wascana Pipe Line Ltd. - Complaint by ENRON Oil Trading & Transportation Canada Ltd.

On 3 March 1992, ENRON filed a complaint with the Board alleging irregularities in the application of the tariff for the Wascana pipeline. ENRON complained that it was charged \$46,000 for line fill

even though such a charge was not specified in Wascana's tariff. As the disputed charges arose in 1991, ENRON has paid them under duress in order to maintain access to the pipeline.

On 19 March 1992, the Board decided to seek comments from interested parties on this matter. The Board gave interested parties until 10 April 1992 to comment.

On 4 June 1992, the Board determined that line fill charges are a toll as defined by Section 2 of the Act. If either Wascana or Murphy wished to charge such a toll, it must comply with subparagraph 60(1)(a) of the Act which states that "A company shall not charge any tolls except tolls that are specified in a tariff that has been filed with the Board and is in effect".

On 10 June 1992, Murphy filed a tariff containing a toll for line fill on the Wascana pipeline.

On 2 July 1992, the Board decided that further information on line fill charges was required and sent a letter to Murphy requesting the additional information.

On 5 August 1992, the Board received a further letter from ENRON requesting that the Board require Murphy to provide further information to justify its line fill toll.

The Board received Murphy's response on 25 August 1992 and is currently reviewing the matter.

8. *Westcoast Energy Inc. - Application for a Deferral in Implementing Daily Billing*

On 8 August 1991, Westcoast applied to the Board for permission to defer the implementation date for daily billing as set out in Section 5.5 of the RH-1-89 Reasons for Decision.

In the RH-1-89 Reasons for Decision, the Board expressed its expectation that Westcoast would develop during 1990 and 1991 procedures and computer programs necessary to enable Westcoast to

eliminate the use of unutilized service credits in Zones 3 and 4 and that, effective 1 January 1992, Westcoast would bill shippers for the actual volumes of interruptible gas taken each day in these zones during the month.

Interested parties had until 5 December 1991 to file their views on the merits of Westcoast's application. Westcoast had until 11 December 1991 to file its reply to comments received.

On 19 December, the Board decided to vary its decision as contained in the RH-1-89 Reasons for Decision so as to allow the company to defer the implementation of daily billing. The Board directed Westcoast to carry out a review of its 1991-92 winter-season deliveries in order to demonstrate that the current revenue crediting procedure was not being taken advantage of by shippers who contracted for both firm and interruptible service in Zones 3 and 4 of the system. The Board directed Westcoast to file the terms of reference for the review by 14 February 1992, and file a report of the results of the review by 1 June 1992. The Board is currently reviewing Westcoast's report.

Electric Power Matters

1. *Electricity Review*

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

This project is proceeding on two tracks: the first is concerned with inter-utility cooperation, the second with wheeling and transmission access. Board staff completed its initial investigations on these major issues and held technical consultations with Canadian electric utilities and provincial authorities on the results of these assessments. Their comments and suggestions have been incorporated into the technical reports. A panel of three Board Members has been appointed to oversee the completion of the Review.

It is expected that technical reports will be released for comment by the end of September.

2. *Boise Cascade Canada Ltd. - Export Permit*

By application dated 8 May 1992, Boise Cascade requested a permit to continue, on an emergency basis, export of interruptible power and energy as a matter of border accommodation commencing 1 July 1992 to 30 June 2002. The permit was requested in order to replace an order expiring on 30 June 1992. The maximum quantities to be exported over the term of the permit is 20 megawatts of power and up to 175 gigawatt hours of energy in any consecutive twelve-month period.

On 25 June 1992, the Board approved the application for the period 1 July 1992 to 30 June 1995.

3. *British Columbia Power Exchange Corporation ("POWEREX") - Approval of Export of Electricity*

By application dated 4 June 1992, POWEREX sought approval under Licences EL-162 and EL-163 to export quantities of surplus energy to Pacific Gas and Electric Company ("PG&E") over a four month period starting 1 July 1992. In the same application, POWEREX filed for Board approval to export under a transmission agreement with the Bonneville Power Administration.

The PG&E agreement provides for POWEREX to sell to PG&E 400 megawatts of firm power for the period 1 July to 31 October 1992. The deliveries are expected to range from a minimum of 991 gigawatt hours to a maximum of 1 239 gigawatt hours.

The Board approved the application on 26 June 1992.

4. *Manitoba Hydro - Certificate of Public Convenience and Necessity EC-III-16*

On 14 May 1991, Manitoba Hydro applied to the Board for approval to amend Certificate EC-III-16 to upgrade the terminal facilities of its 500 kilovolt international power line at the Dorsey station in order to increase its electricity transfer capability with the United States.

On 13 June 1991, the Board sent a letter to Manitoba Hydro requesting additional information on the application.

After having reviewed the responses to its information request, the Board approved the application on 12 September 1991 subject to the filing by Manitoba Hydro of certain documents related to provincial approvals.

Subsequently, the Board received a copy of a letter from Ontario Hydro to Manitoba Hydro indicating that Ontario Hydro had not yet been convinced that there would be no adverse effects on its system from the proposed upgrade. At the time the Board approved the application, it had no indication that any neighbouring utilities objected to the proposed upgrade.

In light of Ontario Hydro's letter, the Board decided, on 24 October 1991, in order to satisfy itself that the proposed upgrade would not have any unacceptable negative impact outside of Manitoba, to request that Manitoba Hydro demonstrate that Ontario Hydro and SaskPower are satisfied that there would be no adverse effects from the proposed upgrade.

On 13 February 1992, Manitoba Hydro filed a letter from Ontario Hydro indicating that the project would have no adverse effect on Ontario Hydro. The letter from Manitoba Hydro also indicated that it had provided a written assurance to SaskPower that it would address SaskPower's concerns should Manitoba Hydro's future plans negatively impact the SaskPower system.

On 9 April 1992, the Board sent a letter to Manitoba Hydro requesting clarification of its undertaking to SaskPower. Manitoba Hydro filed the requested information on 23 April 1992.

On 28 May 1992, the Board approved the application subject to conditions imposing import and export limits on Manitoba Hydro. Subsequently, Manitoba Hydro indicated that, because its earlier correspondence had not fully described its arrangement with SaskPower, the conditions given in the Board's letter would impose severe restrictions on its operations.

On 13 July 1992, Manitoba Hydro wrote to the Board providing more information about its current arrangements with SaskPower and asking the Board to re-examine the conditions it had imposed.

On 13 August 1992, the Board informed Manitoba Hydro that, based on the new information, the Board was prepared to amend the original conditions to permit Manitoba Hydro to exceed the specified import and export levels if it would not compromise the reliability of neighbouring power systems.

The amendment to the certificate requires Governor in Council approval before it may take effect.

5. *Manitoba Hydro - Export Permit*

By application dated 1 June 1992, Manitoba Hydro applied for a permit to continue exports of power and energy, as a matter of border accommodation, during the period 1 August 1992 to 31 July 1995. The permit was requested in order to replace an existing order which

expires on 31 July 1992. The maximum quantities to be exported over the term of the permit are 12 kilowatts of power and 15 megawatt hours of energy in any consecutive twelve-month period.

The Board approved the application on 9 July 1992.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* (formerly the *Canada Oil and Gas Production and Conservation Act*) and regulations made thereunder currently appear on the regulatory agenda of the Department of Energy, Mines and Resources. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. *Regulatory Initiatives*

(a) Bill C-58 amending the Oil and Gas Production and Conservation Act was passed by both Houses and received Royal assent on 23 June 1992. Proclamation is anticipated in September 1992.

(b) Dialogue with the Privy Council Office (Justice) continues on the Canada Oil and Gas Installations Regulations and Certificate of Fitness Regulations.

(c) The Newfoundland Petroleum Occupational Safety and Health Regulations and the Newfoundland Production Conservation Regulations have reached final draft and are under review by industry and other government departments.

(d) Amendments to the Canada Oil and Gas Diving Regulations are being drafted. When those regulations are finalized, appropriate changes will be made to the draft Nova Scotia Newfoundland version.

(e) Drafting of the Mobile Offshore Drilling Unit Standard with Canadian Coast Guard and the Offshore Petroleum Boards continued.

(f) The Privy Council Office is proceeding with a new draft of the Canada Oil and Gas Geophysical Regulations.

2. Operations

Wells

Approval to Alter the Condition of a Well was granted for the following wells under the *Canada Oil and Gas Drilling Regulations*:

Gulf Mobil Parsons A-44
NSM Arrowhead G-69
Dome Arctic Ventures Wallis K-62
Shell Niglintgak M-19
Ashland et al Tedji Lake K-24
Pan Am Pointed Mountain O-46
Amoco B2 Pointed Mountain F-38
Amoco A4 Pointed Mountain A-55

Geophysical/Geological

Recommendations were made to the Northern Oil and Gas Directorate ("DIAND") after review of the technical aspects of three northern rights management issues: a Significant Discovery Area determination; a question arising from the location of an exploratory well relative to an existing Significant Discovery Licence; and, an assessment of allowable expenditures for seismic on a Beaufort Sea Exploration Licence.

No geophysical or industry field geology programs were active in the northern frontier between June and September.

3. Canada Oil and Gas Diving Regulations

Preparation of examination for the three levels of diving supervisor and three grades of diving safety supervisor continued.

A standard application form for the three regulatory boards is under development.

The COGLA diving guidelines are being revised in order to make them acceptable to the Offshore Petroleum Boards and to provincial authorities.

4. Environmental Assessment and Review (Frontier Proposals)

EARP Screening of the ESSO Norman Wells Pilot Project on Propane Miscible Flooding

The pilot project was screened as required by the *EARP Guidelines Order*. The environmental assessment found that the proposed project is an extended and controlled application of an ongoing operational practice and that this fits within the exclusion definition of "ongoing activities that have not created environmental impacts in the past and are not different in nature or area of application". The decision reads: "Automatic exclusion; project proceeds."

Earp Screening of the Application to Flare Plant Vapours at Kotaneelee Gas Plant, Yukon Territory

The application was screened as required by the *EARP Guidelines Order*. The environmental assessment found that while the project will result in higher than current levels of sulphur dioxide emissions, they would still be within acceptable environmental standards. Furthermore, the project would result in reduced NOx emissions. The decision reads: "No significant effects; project proceeds."

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's

decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest editions of the CSA pipeline standards into the Regulations. It is anticipated that the proposed revisions will be sent to interested parties for comment by the end of 1992.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the *Canada Gazette* on 20 April 1991.

Additional comments on the proposed regulations were due by 20 May 1991, and those are currently under review by the Board.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by

the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

By letter dated 14 August 1991, the Market-Based Procedure Review (refer to Item 5 under *Matters Considered by Written Submission*), the Board included as Attachment E the revised Part VI filing requirements for comment by interested parties. These comments will be considered when the Board issues the revised Regulations.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

4. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee for the Scrutiny of Regulations.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. *Pipeline Crossing Regulations, Parts I and II*

These Regulations, which came into effect in October 1988, establish the conditions under which excavation and construction activities affecting pipelines can be safely conducted by third parties.

In June 1990, Section 112 of NEB Act, which deals with third party crossings, was amended to broaden the scope of the Board's jurisdiction to include all excavation activity within 30 metres of the pipeline right of way. As a result, the Crossing Regulations require an amendment to clarify the addition of the 30 metre zone.

The Crossing Regulations also require some administrative and editorial revisions resulting from the review by the Standing Committee for the Scrutiny of Regulation. Suggestions for amendments will also be solicited from municipalities, utilities, excavators, pipeline companies and other interested parties.

6. *Regulations Pertaining to Crossings Involving International Power Lines*

Following receipt of comments from interested parties on the draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. *International Power Line Crossings, Construction and Abandonment Regulations*

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. *International Power Line Crossings Regulations*

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the new *Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination, and the Governor in Council for approval.

7. *Regulations Pertaining to Frontier Oil and Gas Activities*

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Oil and Gas Production and Conservation Act*, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations

Canada Oil and Gas Operations Regulations

Canada Oil and Gas Diving Regulations

Canada Oil and Gas Production and Conservation Regulations

Canada Oil and Gas Spills and Debris Liability Regulations

Regulations Being Reviewed by Department of Justice

Canada Oil and Gas Geophysical Regulations

Canada Oil and Gas Diving Regulations - amendments

Regulations Being Drafted

Canada Oil and Gas Installations Regulations

Canada Oil and Gas Certificate of Fitness Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of

the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the *Offshore Newfoundland Drilling Regulations* have been submitted to the Department of Justice, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board issued on 7 May 1987 a revised draft of the *NEB Rules of Practice and Procedure* and the schedules which form part of the rules. The Board has asked all parties to use them, although they must still be published in *Part II of the Canada Gazette* before they become binding.

The Department of Justice has completed an initial examination of the rules and the Board is reviewing them in light of the amendments to the Act as a result of Bill C-23, recent changes in export regulation and comments from the Department of Justice. The revised draft will require further examination by the Department of Justice and publication in the *Canada Gazette*.

Administrative Matters

Appointment

Kenneth W. Vollman was re-appointed Temporary Board Member for a three year term effective 30 September 1992.

Speeches

1. *A Message to the World Energy Council*, a presentation by R. Priddle, Chairman, to the Responsive Energy Technology Symposium & International Exhibition - 1992 in San Diego, California on 3 June 1992.
2. *Continental Trade in Natural Gas: Canada, the United States and Mexico*, a presentation by R. Illing, Member, to the Third Annual North American Natural Gas Summit in Washington, D.C. on 4 June 1992.
3. *Managing Surpluses: The Dominant Commercial Challenge of the Petroleum Industry?*, a presentation by R. Priddle, Chairman, to the Association of Petroleum Geologists' 77th Annual Meeting, Division of Professional Affairs Luncheon in Calgary, Alberta on 23 June 1992.
4. *The Road to Deregulation (or is it the Long March?)*, a presentation by J.-G. Fredette, Vice-Chairman,

to the Crossborder Seminar - Order 636 and Beyond in Calgary, Alberta on 23 July 1992.

Reports

5. *Reasons for Decision: Proposed Changes to the Application of the Market-Based Procedure - GHW-1-91* - Report Dated May 1992. The Board issued its revised method to the way it applies the Market-Based Procedure, the procedure by which it assesses applications for long-term licences to export natural gas.
6. *Natural Gas Market Assessment: Long-Term Canadian Natural Gas Contracts* - Report dated August 1992. This report provides a comprehensive descriptive analysis of the changes which have occurred in the nature of long-term contracts governing the sale of western Canadian gas in the domestic and export markets from 1985 to 1991. The study analyses the contractual arrangements which underpin such gas flows; it does not analyse the flows themselves.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary,

National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

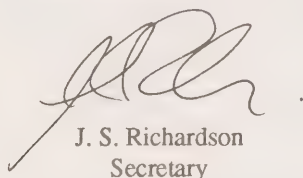
Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

L1: Everything the Board issues
L4: Oil and Gas matters
L5: Electrical matters
L6: Annual Reports only
L7: Press Releases only
L8: Regulatory Agendas only
L9: Environmental Matters

Lists 2 and 3, which covered oil and gas matters separately, have been amalgamated into List 4.

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:

Regulatory Support Office (403) 292-4800

For information contact:

Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies		
(a) Hearing Matters		(iii) Oil Exports	
		Registered Oil Export Orders	10
		(iv) Tolls	
(i) Certificates		Class I and II Adjustments	20
Pipeline	35	Interim Orders	20
Power line	30	Operating and Maintenance Budgets	20
		Changes in Depreciation Rates	20
(ii) Export licences or Permits		Quarterly Surveillance Reports	20
Natural gas	35	New or Changed Tariffs	20
Electricity	30	Domestic Gas Sales Contracts and	
		Amendments	20
(iii) Tolls	35	Amendments to Tariff Orders	20
(iv) Land Acquisitions	10	(v) Pipelines and Power Lines	
(b) Non-Hearing Matters		Exemption Orders Power Lines	15
		Exemption Orders Pipelines (Sec. 58)	20
(i) Natural Gas		Certificate Amendments	20
Export Orders	05	Certificate Revocations	20
Orders for Transmission Access	20	Leaves to Sell or Transfer	20
Licence Amendments	20	Incident Reports	20
Amendments to Export Contracts	20	(vi) Other	
Licence Revocations	20	Applications for Review	20
(ii) Electricity Exports			
Orders	15		
Licence or permit Amendments	15		
Licence or permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - 6th Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503

Appendix II

Selected List of Telephone Numbers

(Area Code 403 except where otherwise indicated)

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Lillian Handelman	299-2741
Member	R. Byron Horner	299-2727
Secretary	Mona Butler	299-2728
Member	A. Boyd Gilmour	299-2733
Secretary	Mary Lou Scharf	299-2734
Member	Anita Côté-Verhaaf	299-2739
Secretary	Deborah Larch	299-2738
Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728
Member	Céline Bélanger	299-2737
Secretary	Deborah Larch	299-2738
Member	Kenneth W. Vollman	299-2730
Secretary	Mary Lou Scharf	299-2734
Member	Robert Andrew	299-2736
Secretary	Lillian Handelman	299-2741

Planning, Audit and Evaluation Branch

Director	Claire Scott	299-2747
Secretary	Francine Poudrette	299-2748
Chief, Internal Audit	Roy E. Aylett	299-2749
Manager, Program Evaluations		299-2750

Information Technology Branch

Director	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603

OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Secretary	Lorna Patterson Smith	299-2712
Asst. Secretary, Regulatory	Roger Breault	299-2714
Asst. Secretary, Communications	Ann Sicotte	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561
Board Distribution Centre		292-4800
General Information		292-4800

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Finance and Administration Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

ENERGY REGULATION DIRECTORATE

Director General	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Personnel Branch

Director	Jim Thompson	299-3694
Secretary	Sylvie Zurwerra	299-3695

Economics Branch

A/Director	Glenn Booth	299-3621
Secretary	Carmen Maier	299-3622

Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166
Assistant Director and Chief, Regulatory	Ivan Harvie	299-3167
Chief of Generation Planning	Alec Penman	299-3180
Chief, Power System Planning		

Gas and Oil Branch

Director	Raymond Choy	299-3189
Secretary		299-3185
Chief, Market Analysis and Export Surveillance		299-3189
Chief, Gas Export	Denis Dubuc	299-3186
Chief, Transportation and Oil Exports	Hans Pols	299-3195

Financial Regulation Branch

Director	Ga��tan Caron	299-3646
Secretary	Ruth Grenville	299-3648
Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Harmit Bajaj	292-5048
Chief (IPL, TNPI and Cochin)	Dan Grunig	299-3649
Chief (Westcoast and TMPL)	Albert Fung	299-3662
Chief (TCPL and IPL(NW))	Steve Brown	299-3653

ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752

Drilling and Production Engineering

Director - Drilling	Fred Lepine	299-2790
A/Secretary	Karen Befus	299-2789
Director - Production	Terry Baker	299-2792
Secretary	Margaret Mertova	299-2787
A/Chief Production Facilities	Stephen Lord	299-2797
Special Advisor - Diving	Jan Merta	299-2791
Manager, Northern Region, Yellowknife, N.W.T.	Maurice Thomas	403-920-8175

Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Melanie Gnypp	299-2758
Chief, WEI and IPL	Brenda Kenny	299-2761
A/Chief, Gas Pipelines East	Paul Trudel	299-2768
Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
Chief, Safety	Jake Abes	299-2777
A/Chief, ANG/and Foothills	Robert Power	299-2769

ENVIRONMENT DIRECTORATE

Director General	Dr. Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Marie Jos��e Mercier	299-3676

Environment and Lands Branch

Director	Peter Carr	299-3665
A/Secretary	Geraldine Metcalfe	299-3666
Asst. Director and Chief, Environment	Steve Pierce	299-3668
Chief, Operational Programs	Gord Higginson	299-3672

Pollution Control Division

Director	Jim McComiskey	299-3677
Secretary		

Physical Environment Division

A/Director	Oleh Mycyk	299-3678
Secretary		

Emergency Response and Financial Liability Division

Director	Jim Anderson	299-3682
Secretary		

Environmental Studies Research Funds

A/Manager	Brian Nesbitt	299-3679
Secretary		

ENERGY RESOURCES DIRECTORATE

Director General	Graham Campbell	299-3102
Secretary	Carole Gauthier	299-3103

***Crude Oil, NGL
and Coal Supply Division***

Chief	Gerrit Hos	299-3120
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Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Chief	Cliff Gerneroy	299-3138
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Geology and Resource Assessment Division

A/Chief	Bruce Young	299-3147
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Operations and Reserves

A/Chief	Giles Morrell	299-3117
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Production Engineering Division

Director	Terry Baker	299-3103
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LAW BRANCH

General Counsel	Judith Snider	299-2703
Secretary	Maureen Cooley	299-2704

Assistant General Counsel	Richard Graw	299-2705
Secretary	Maureen Cooley	299-2704

Counsel	John Syme	299-2709
Counsel	Margery Fowke	299-2708
Counsel	Charles Morin	292-6489
Secretary	Elizabeth Arden	292-6540

Counsel	Peter Noonan	299-3552
Counsel	Lori Ann Boychuk	299-2707
Secretary	Pat Cormier	299-3551

Counsel	Judith Hanebury	292-6497
Secretary	Pat Cormier	299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canadian Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Oil and Gas Production and Conservation Act* and certain provisions of the *Canada Petroleum Resources Act* will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

National Energy Board
311 - 6th Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

Lacking #43 (Dec. 1992)

Regulatory Agenda

Issue No. 44

(The Period covered in this Regulatory Agenda is 1 December 1992 to 28 February 1993)

1 March 1993

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Six Applications for Natural Gas Export Licences and One Application to Transfer a Licence or Alternatively, Issue a New Export Licence - GH-5-92*

Reasons for Decision dated December 1992; issued on 14 January 1993.

The Board held a public hearing on 25 and 26 August 1992 in Calgary to consider six applications from four companies for licences to export natural gas and one application to transfer a gas export licence or, alternatively, issue a new export licence.

The Board decided to issue new licences to Talisman Energy Inc., formerly BP Resources Canada Limited, Kamine Beaver Falls Cogen Co., Inc., as managing general partner of Kamine/Besicorp Beaver Falls L.P., Kamine Syracuse Cogen Co., Inc., as managing general partner of Kamine/Besicorp Syracuse L.P., Saranac Power Partners, L.P. and Shell Canada Limited and three licences to Western Gas Marketing Limited.

The Board's decision authorizes the export of some 9.1 million cubic metres (322.5 million cubic feet) of natural gas per day over periods ranging from 4 to 17 years. The total volume authorized for export over the term of the licences is approximately 33.2 billion cubic metres (1.2 trillion cubic feet).

The Board conducted an environmental screening of the proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order*. The Board determined that there are no potentially adverse environmental effects associated with the issuance of the export licences to the applicants.

2. *Trans Québec & Maritimes Pipeline Inc. - 1993 and 1994 Toll Application - RH-4-92*

Reasons for Decision dated December 1992; issued on 30 December 1992.

The Board held a public hearing in Montreal from 1 to 4 December 1992 on an application from TQM for new tolls

effective 1 January 1993 and 1994. The Board held an oral hearing on rate of return issues and dealt with all other issues by written submission. Oral arguments were heard on all issues.

The Board approved new tolls for TQM to charge on its natural gas transmission system, effective 1 January 1993 and 1 January 1994. The Board found a rate of return on equity of 12.25 percent to be appropriate for both years. The Board's adjustments to the revenue requirements reduced TQM's requested monthly tolls by \$114,000 for 1993 to \$6.058 million, and by \$132,000 to \$5.926 million for 1994. The approved monthly toll for 1992 had been \$6.379 million.

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National Energy Board



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



Hearing Decisions Pending

1. *TransCanada PipeLines Limited - 1993 Toll Application - RH-2-92*

The Board held a public hearing from 13 October to 23 November 1992 in Calgary on an application by TransCanada for approval of new tolls the Company may charge effective 1 January 1993.

The 100 percent load factor toll requested by TransCanada for the Eastern Zone was approximately 2.5 percent higher than the toll in effect during 1992.

In the final revision to its application, the Company requested a 9.1 percent increase in its revenue requirement, from \$1,439.6 million to \$1,569.9 million, and applied to maintain the rate of return on common equity of 13.25 percent approved by the Board in 1992.

The Board expects to issue its Reasons for Decision in March 1993.

2. *Twelve Applications for Natural Gas Export Licences - GH-6-92*

The Board held a public hearing from 2 to 4 November 1992 in Calgary on 12 applications for licences to export natural gas.

The applications for new export licences were from ENCO Gas, Ltd., Poco Petroleum Ltd., Summit Resources Limited and The Washington Water Power Company, by its agent Grand Valley Gas Company. The Board also considered four applications filed by Southern California Edison Company jointly with each of AEC Oil and Gas Company, a division of Alberta Energy Company Ltd., Imperial Oil Resources Limited, Shell Canada Limited and Western Gas Marketing Limited and four applications filed by San Diego Gas

& Electric Company jointly with each of Bow Valley Industries Ltd., Canadian Hunter Marketing Ltd., Husky Oil Operations Ltd. and Summit Resources Limited.

In total, the above companies applied for licences to export some 10.1 million cubic metres (355 million cubic feet) of natural gas per day for periods ranging from 7 to 15.5 years. The applicants applied for a total volume for export of approximately 45 billion cubic metres (1.6 trillion cubic feet) over the term of the licences.

The Board is conducting, by means of written submission, an environmental screening of the export proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there is no duplication with the Board's own regulatory process.

The Board expects to issue its Reasons for Decision in March 1993.

3. *Westcoast Energy Inc. - 1993 Toll Application - RH-3-92*

The Board held a public hearing from 16 to 25 November 1992 in Vancouver and Calgary on an application by Westcoast for new tolls effective 1 January 1993.

The application was examined in the context of a settlement on Westcoast's application for 1993 tolls. This settlement was negotiated in October 1992 between Westcoast and certain interested parties. The terms of this settlement included a request for a rate of return on equity equal to the rate of return on equity to be approved for TransCanada PipeLines Limited in the RH-2-92 proceeding (refer to item 1 above). Westcoast, in requesting a revenue requirement of \$370.3 million for 1993, had utilized a rate of return on common equity of 13.25 percent, which compared

with an approved rate of return of 12.5 percent for 1992.

The tolls requested by Westcoast for a typical service movement were approximately two percent higher than the toll in effect during 1992.

The Board also examined the appropriateness of Westcoast's current queuing and access procedures.

The Board expects to issue its Reasons for Decision in March 1993.

4. *Six Applications for Natural Gas Export Licences - GH-7-92*

The Board held a public hearing on 22 and 23 February 1993 to consider six applications from five companies for eight licences to export natural gas.

The applications were from Canadian Hydrocarbons Marketing Inc., CanWest Gas Supply Inc., Enron Gas Marketing, Inc., New York State Electric & Gas Corporation and two applications from Unigas Corporation.

In total, the above companies applied for licences to export some 2.2 million cubic metres (80 million cubic feet) of natural gas per day for periods ranging from 4 to 15 years. The applicants applied for a total volume for export of approximately 7.3 billion cubic metres (260 billion cubic feet) over the term of the licences.

The Board is conducting, by means of written submission, an environmental screening of the export proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order* to the extent that there is no duplication with the Board's own regulatory process.

The Board expects to issue its Reasons for Decision in May 1993.

Matters Considered by Written Submission

Matters Completed

1. *British Columbia Hydro and Power Authority and the British Columbia Power Exchange Corporation ("POWEREX") - Export of Electricity - EW-2-91*

Reasons for Decision dated December 1992; issued 29 December 1992.

The Board issued four permits to B.C. Hydro and POWEREX for the export of short-term firm and interruptible energy to the Bonneville Power Administration and to other potential customers who are members of the Western Systems Coordinating Council and the Northwest Power Pool. The permits, effective from 1 January 1993 to 30 September 1997, replace three licences which expired on 31 December 1992.

Permit EPE-41 allows exports of 20 000 gigawatt hours of interruptible energy, under the Power Exchange Operation, in any consecutive twelve-month period, less actual exports under the three other permits.

Permit EPE-42 allows exports of short-term firm power and energy, under the Power Exchange Operation, not to exceed 2 300 megawatts and 6 000 gigawatt hours during any consecutive twelve-month period, less actual exports under Permit EPE-44.

Permit EPE-43 allows the export of interruptible energy not to exceed 20 000 gigawatt hours, outside the Power Exchange Operation, in any consecutive twelve-month period less actual exports under the three other permits.

Permit EPE-44 allows exports of short-term firm power and energy not to exceed 2 300 megawatts and 6 000 gigawatt hours, outside the Power Exchange Operation, in any consecutive twelve-month period, less actual exports under Permit EPE-42.

The exports under these permits are for the sale, equichange, storage, circulating power flow, adjustment and carrier

transfer of interruptible energy and for the sale, storage and equichange transfer of blocks of short-term firm power and energy.

The Board conditioned the permits to provide Canadians fair market access to the proposed exports, and also conditioned the permits to require B.C. Hydro and POWEREX to provide information on exports to ensure fair market access compliance.

The Board decided to grant the requested term of the permits but, except for storage transfers, limited the maximum duration of any single contract for the export of electricity under permits EPE-41 and EPE-42 to one year, and any single contract under permits under EPE-43 and EPE-44 to three years.

2. *Altamont Gas Transmission Canada Limited - Application to Construct a Pipeline - Preliminary Question of Jurisdiction - GHW-1-92*

Reasons for Decision dated February 1993; issued 25 February 1993.

The Board dismissed, on jurisdictional grounds, an application dated July 1991 by Altamont Canada for authorization to construct a 300 metre long international gas transmission pipeline in southern Alberta.

The proposed 762 millimetre diameter Altamont Canada pipeline is one link in a proposed pipeline system intended to export Canadian gas to markets in the United States, principally in southern California. The capacity of the system would be 20.8 million cubic metres (736 million cubic feet) per day commencing 1 November 1994.

The proposed Altamont Canada pipeline would connect upstream with a proposed 217 kilometre long pipeline to be owned and operated by NOVA Corporation of Alberta from the area of Princess, Alberta. Downstream at the Alberta/Montana border near Wild Horse, the proposed Altamont Canada pipeline would connect with a 998

kilometre long pipeline proposed by Altamont Gas Transmission Company. The Altamont Gas Transmission Company pipeline would connect further downstream at Opal, Wyoming with the existing pipeline of Kern River Transmission Company leading into California.

Following its initial examination of the Altamont Canada application, the Board decided to raise a preliminary question of jurisdiction for consideration through a written hearing. The question posed by the Board in Hearing Order GHW-1-92, as amended, was as follows:

"Is the proposed pipeline of the Applicant part of a larger extraprovincial work to be constructed from a point near Princess, Alberta to a point of interconnection in the United States, the entire Canadian portion of which is subject to the jurisdiction of Parliament pursuant to section 92(10)(a) of the *Constitution Act 1867*, having regard to the following factors:

- (a) the physical connections between the pipelines of NOVA Corporation of Alberta, Altamont Gas Transmission Canada Limited, and Altamont Gas Transmission Company;
- (b) the operation of the NOVA Corporation of Alberta and Altamont Gas Transmission Canada Limited pipelines as a pipeline wholly or substantially dedicated to the export of a commodity from Canada; and
- (c) the purposes to be served by the construction of the pipelines of NOVA Corporation of Alberta and Altamont Gas Transmission Canada Limited."

At the completion of the hearing, which attracted written submissions from nine interested parties, the Board concluded that the 300 metre pipeline applied for by Altamont Canada was part of a large extraprovincial work connecting the

province of Alberta to the United States. This determination was made on the basis that the proposed upstream NOVA pipeline from Princess to Wild Horse, Alberta was so vital, integral and essential to the Altamont Canada line as to be part of that work. Accordingly, the Board decided to dismiss Altamont Canada's application on the basis that it had been improperly filed under section 58 of the *National Energy Board Act*, because the resulting pipeline subject to federal jurisdiction would exceed the 40 kilometre limitation prescribed by that section of the *Act*. In its decision, the Board noted that authority to construct the entire federal work could be sought under the appropriate provisions of the *Act*.

Matters Pending

3. *Inquiry Concerning the Transportation Safety Board ("TSB") Recommendations on Stress Corrosion Cracking ("SCC") in Pipelines and the Reassessment of TransCanada PipeLines Limited's Pipeline Maintenance Program ("PMP") - MHW-1-92*

The Board is conducting an inquiry concerning the TSB's recent recommendations dealing with the problem of external SCC in pipeline transportation systems. The inquiry will also deal with a reassessment of TransCanada's PMP.

The inquiry is being held in response to recommendations issued by the TSB regarding two recent pipeline breaks on TransCanada's natural gas transportation system, both of which occurred in Ontario. There were no injuries or fatalities in either incident.

As a result of three earlier pipeline breaks which occurred in 1985 and 1986, also without causing human injury, TransCanada implemented a PMP to investigate and study possible solutions to the SCC problem. Since 1985, the Board has been actively involved in monitoring and inspecting

TransCanada's progress and has approved the expenditures related to the PMP.

After implementation of the PMP, no pipeline failures attributable to SCC (with the exception of a leak near Brandon, Manitoba) occurred until December 1991. At that time there was a break on the line near Cardinal, Ontario. The second break on the line occurred near Tunis, Ontario. Both of these breaks occurred in remote areas. None of the breaks associated with SCC have occurred in heavier wall pipe, which is required by NEB regulation for populated areas. The breaks near Cardinal and Tunis were investigated by the TSB which issued recommendations to the Board on 5 November 1992.

Stress corrosion cracking involves a complex process which can result in the formation of cracks on the surface of a buried pipeline. In severe cases, the pipeline can fail if the cracking goes undetected for several years.

Since the mid 1960s, SCC has been the focus of intensive research in several countries to determine the key factors which cause it. Some of the factors identified to date include the operating pressures and temperatures of the pipeline, the pipe material and coating and the presence of a corrosive environment on the outside surface of the pipe.

The Board decided that an inquiry with input from parties concerned about SCC would be an effective means of responding to the TSB's recommendations and of reassessing TransCanada's PMP.

Submissions by interested parties were required to be filed by 21 January 1993 and final comments on responses to information requests on any issue raised are due on 31 March 1993.

The Board is currently reviewing the submissions received.

4. *Manitoba Hydro-Electric Board - Export of Electricity - EHW-1-92*

The Board is considering an application by Manitoba Hydro for permits to export electricity to various utilities in the United States.

The exports would be made in accordance with the terms of Interconnection or Coordination Agreements signed with Northern States Power Company, United Power Association, Minnesota Power and Light Company, Minnesota Power Cooperative, and Otter Tail Power Company.

The Interconnection Agreements provide for the transfer of surplus power and energy from Manitoba Hydro's system to the U.S. purchasers at times of suitable river flow conditions in Manitoba. The export authorizations would enable Manitoba Hydro to realize economic benefits from such surpluses as and when available.

Under the first permit requested, Manitoba Hydro would be authorized to export up to 1 900 megawatts of short-term firm capacity and energy for a term of 30 years beginning 1 November 1992 through 31 October 2022. This permit would replace an existing licence which was to expire on 31 October 1992.

Under the second permit, Manitoba Hydro would be authorized to export up to 16 650 gigawatt hours of interruptible energy less the amount of energy exported under the first permit. This permit would replace three existing licences which expire on 31 October 1992.

The Board has extended the existing licences to 30 April 1993 in order to enable it to complete its consideration of the application.

The Board expects to issue its Reasons for Decision in April 1993.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

1. **Foothills Pipe Lines (Yukon) Ltd.** - Application dated 29 June 1979 for a certificate to construct the Dempster lateral.
2. **Polar Gas Ltd.** - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta.
3. **Mobil Oil Canada Ltd., Petro-Canada Inc., Texaco Canada Resources Ltd. and Nova Scotia Resources (Ventures) Limited** - Applications dated 17 July 1985 to export natural gas (Venture Project).
4. **Foothills Pipe Lines Ltd.** - Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline.

Application withdrawn

1. **Foothills Pipe Lines (Yukon) Ltd.** - Application dated 13 February 1985 for a certificate for expansion of the eastern leg of the Alaska Highway Natural Gas Pipeline System. The application was withdrawn on 4 March 1993.

Under Consideration

1. **TransCanada PipeLines Limited** - Application dated 18 December 1992 for a certificate to construct additional facilities for the 1993/94 and 1994/95 operating years.

Reviews and Appeals

Reviews Completed

1. *Czar Resources Ltd. - Review of the GHW-2-91 Reasons for Decision Dated May 1992 - Facilities Application of Alberta Natural Gas Company Ltd*

On 21 December 1992, the Board dismissed an application by Czar Resources for review of the Board's decision authorizing Alberta Natural Gas to expand its pipeline system in Southern British Columbia to serve markets in California and the U.S. Pacific Northwest.

On 1 December 1992, Czar Resources applied for a review alleging that new facts or changed circumstances had arisen since the Board's hearing on the Alberta Natural Gas expansion which raised a doubt as to the correctness of the Board's decision. These new facts or changed circumstances may be summarized as follows:

1. the Board only received applications for long-term licences equal to 40 percent of the volumes attributable to the Alberta Natural Gas expansion;
2. that on 17 November 1992 the Alberta Energy Resources Conservation Board issued a notice of hearing to review the NOVA Corporation of Alberta facilities to meet gas delivery requirements of the Alberta Natural Gas/Pacific Gas Transmission Company expansion; and
3. that on 21 October 1992, the California Public Utilities Commission ("CPUC") issued Decision 92-10-056 which deals with the tolling and tariff matters for facilities being constructed by Pacific Gas & Electric Company within the State of California, wherein the CPUC established incremental rates for the new facilities and the implementation of a cross-over ban to preclude incremental volumes transported to the Oregon/California

border from crossing over at the border to the lower intrastate existing facilities rate.

The Board decided to dismiss the application for review on the basis that Czar Resources had not presented a *prima facie* case such as would raise a doubt as to the correctness of the Board's previous decision.

2. *Southern California Edison Company and San Diego Gas & Electric - Review of the GHW-2-91 Reasons for Decision Dated May 1992 - Facilities Application of Alberta Natural Gas Company Ltd*

On 14 January 1993, the Board dismissed two applications to review its decision authorizing Alberta Natural Gas to expand its pipeline system in Southern British Columbia to serve markets in California and the U.S. Pacific Northwest.

By applications dated 23 December 1992, Southern California Edison Company and San Diego Gas & Electric alleged that new facts or changed circumstances had arisen since the Board's hearing on the Alberta Natural Gas expansion which raise a doubt as to the correctness of the Board's decision. Specifically, the applicants requested that the Board review its decision not to include a condition in Order XG-16-92, the Order authorizing the construction, that would require Alberta Natural Gas to use "reasonable efforts" to coordinate its in-service date with that of the proposed upstream NOVA Corporation of Alberta facilities.

Both Edison and SDG&E claimed that the public hearing which the Alberta Energy Resources Conservation Board ("AERCB") is conducting on the proposed NOVA facilities applications, concerning upstream capacity for the Alberta Natural Gas expansion project, may result in a delay to the in-service date beyond 1 November 1993 if a positive decision from the AERCB is not forthcoming by 1 March 1993.

In a letter dated 14 January 1993, the Board, among other things, reiterated the position that it took in its recent decision concerning a similar application for review by Czar Resources Ltd. In this decision, the Board said that "there is no evidence to suggest at this time that the AERCB hearing will result in NOVA not being able to meet the in-service date of 1 November 1993". The Board maintained that it was premature to entertain an application for review based solely on this ground.

3. *Enron Oil Trading & Transportation Canada Ltd. and Petro Source Partners, Canada - Review of Interprovincial Pipe Line Inc.'s Toll Decision RH-2-91*

On 14 January 1993, the Board denied applications by Enron and Petro Source for review of the Board's Decision RH-2-91 regarding Interprovincial's tolls for 1992.

On 2 and 15 September 1992, Enron and Petro Source filed applications for a review of the Board's Decision RH-2-91 regarding Interprovincial's tolls for 1992. Enron sought a review with respect to the method of adjusting for the difference between interim and final tolls and Petro Source sought a review with respect to the method of refunding over collections.

On 6 December 1991, the Board, pending the completion of the review of Interprovincial's application for 1992 tolls, approved an average interim toll increase of nine percent effective 1 January 1992. The Board further ordered that any adjustment that may be required to account for a difference between interim and final tolls would be applied on a prospective basis in accordance with procedures established in RH-4-86.

The Board denied the applications for review of the Reasons for Decision RH-2-91 on the grounds that the applicants had not discharged the onus of proof imposed by law to raise a doubt concerning the correctness of the Board's decision in RH-2-91.

Appeal Withdrawn

4. *TransGas Limited - Application for Leave to Appeal the Board's Reasons for Decision RH-4-91*

On 2 June 1992, TransGas filed an application in the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision RH-4-91 issued on 30 April 1992 regarding TransCanada's tolls for 1992. TransGas sought the appeal regarding the method of refunding of excess revenues collected by TransCanada under the interim order for tolls approved by the Board for the period 1 January to 31 March 1992.

TransGas had requested that the Court not proceed with its application for leave to appeal until the Board had disposed of an application for review concerning the same subject matter.

On 5 November 1992, the Board decided that TransGas should be provided with relief because, in this case, the manner in which the surplus interim revenue were refunded has led to tolls that were not just and reasonable (refer to item 3 of Issue No. 43 of the Regulatory Agenda of 1 December 1992).

TransGas withdrew its application for Leave to Appeal in December 1992.

Appeals Pending

5. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

(For details on this case, please refer to Issue No. 42 of the Regulatory Agenda dated 1 September 1992.)

6. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro.

Other Applications

The Board has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 December 1992 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *Indeck Gas Supply Corporation - Application to Amend and Transfer Gas Export Licence GL-133*

By application dated 8 September 1992, as amended, Indeck applied for approval to amend and transfer Licence GL-133 to:

- (a) allocate equally the licensed daily, annual and term volumes between Indeck-Oswego Limited Partnership and Indeck-Yerkes Limited Partnership;
- (b) transfer the authority to export from Indeck to Indeck-Oswego and issue an export licence in the name of Indeck-Oswego for the revised daily, annual and term volumes in (a) and to otherwise maintain the same terms and condition as set forth in GL-133
- (c) transfer the authority to export from Indeck to Indeck-Yerkes and issue an export licence in the name of Indeck-Yerkes for the daily, annual and term volumes in (a) and to otherwise maintain the same terms and conditions as set forth in GL-133

Licence GL-133 authorizes Indeck to export natural gas to two cogeneration plants in Oswego and Tonawanda, New York.

On 28 January 1993, the Board decided to approve the application and to issue two new licences to replace Licence GL-133. The two new licences require Governor in Council approval before they come into effect.

2. *Petro-Canada - Restated Gas Purchase Agreement - Licence GL-186*

On 21 January 1993, Petro-Canada applied for approval of an amended and restated Gas Purchase Agreement dated 1 August 1992 between Petro-Canada, Tenaska Washington Partners, L.P. and Tenaska Gas Company, replacing the initial 29 July 1991 Gas Purchase Contract underpinning gas export Licence GL-186. Licence GL-186 authorizes exports to a cogeneration facility in Ferndale, Washington.

Tenaska Washington Partners, L.P. has joined Petro-Canada and Tenaska Gas as a party to the Restated Contract; consequently, a number of changes to the initial contract were required to reflect that addition.

The Board approved the application on 4 February 1993.

Matters Pending

3. *Alberta and Southern Gas Co. Ltd. - Export to Pacific Gas Transmission Company*

On 13 January 1993, Alberta and Southern applied for an exemption from or a variation of Order MO-2-92 in order to permit Alberta and Southern to export gas into Northern California under Licence GL-99 and a short-term order for the period from 13 January to 31 March 1993. The gas to be exported would be gas that was not under contract to Alberta and Southern at the time Order MO-2-92 was issued.

Paragraph 1 of Order MO-2-92 states:

"All exports, at the points of exportation situated on the international boundary between Canada and the United States

of America, near Kingsgate and Huntingdon, in the Province of British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by Alberta and Southern Gas Co. Ltd. for sale into the Northern California market, shall cease."

The Order prohibits the export of gas to Northern California which was not under contract with Alberta and Southern at the time of the issuance of the Board's order.

Alberta and Southern stated in its application that the reason for the request for relief was that it had to curtail service to Pacific Gas Transmission Company because of the failure of a number of producers, principally in Alberta, to meet Alberta and Southern's nominations under its existing gas purchase contracts.

On 14 January 1993, the Board decided to approve the application and grant relief by exempting Alberta and Southern from Order MO-2-92 only on those days during the period from 14 January 1993 to 31 March 1993, wherein producers in the Alberta and Southern pool supply do not meet the nominations of Alberta and Southern at the maximum daily rate permitted under their contracts.

On 4 February 1993, the Board sent a letter to Alberta and Southern noting that the prolonged cold spell experienced in December 1992 and early January 1993, which was one important factor underpinning Alberta and Southern's application and the Board's allowance of relief from Order MO-2-92, had subsided. The Board directed Alberta and Southern to show cause why the relief granted in the Board's letter of 14 January 1993 should not be revoked. The Board directed the Company to respond to the show cause order by close of business on 9 February 1993. Alberta and Southern responded by letter dated 9 February 1993. By letter dated 12 February 1993, the

Board requested additional information from Alberta and Southern. The Company responded by letter dated 18 February 1993.

The application is under review.

4. *Direct Energy Marketing Limited - Export From Kingsgate, British Columbia*

On 15 January 1993, Direct Energy advised the Board that it had exported gas contrary to the Board's Order MO-2-92. Direct Energy indicated that it had shipped gas at Kingsgate from 9 to 13 January 1993. The sale involved a total volume of 955 000 cubic metres.

Paragraph 1 of Order MO-2-92 states:

"All exports, at the points of exportation situated on the international boundary between Canada and the United States of America, near Kingsgate and Huntingdon, in the Province of British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by Alberta and Southern Gas Co. Ltd. for sale into the Northern California market, shall cease."

The Order prohibits the export of gas to Northern California which was not under contract with Alberta and Southern at the time of the issuance of the Board's Order.

On 28 January 1993, the Board directed Alberta Natural Gas Company Ltd to file a letter describing and explaining the circumstances surrounding this occurrence in light of Alberta Natural Gas' letter of 30 October 1992 which indicated new procedures had been put in place to prevent such occurrences. Alberta Natural Gas responded by letter dated 17 February 1993.

The matter is under review.

5. *Direct Energy Marketing Limited - Export to Texas-Ohio West, Inc. and Pacific Gas & Electric*

On 15 January 1993, Direct Energy applied for an exemption from or a vari-

ation of Order MO-2-92 in order to permit Direct Energy to export gas to Texas-Ohio West, Inc. and Pacific Gas & Electric under a short-term order for the period from 15 January to 1 April 1993. The gas to be exported would be gas that was not under contract to Alberta and Southern at the time Order MO-2-92 was issued.

Paragraph 1 of order MO-2-92 states:

"All exports, at the points of exportation situated on the international boundary between Canada and the United States of America, near Kingsgate and Huntingdon, in the Province of British Columbia, of Canadian gas destined for utilization in the Northern California market is not gas presently contracted by Alberta and Southern Gas Co. Ltd. for sale into the Northern California market, shall cease."

The Order prohibits the export of gas to Northern California which was not under contract with Alberta and Southern at the time of the issuance of the Board's order.

Direct Energy stated that the basis for the application for relief was the extenuating circumstances currently being faced by Pacific Gas and Electric. Pacific Gas and Electric has experienced unusually cold weather in its franchise territory in northern California such that the current contract between Alberta and Southern and Pacific Gas Transmission Company is not providing Pacific Gas Transmission/Pacific Gas and Electric with sufficient gas supply to meet Pacific Gas and Electric's current needs. As a result, Direct Energy indicated that Pacific Gas and Electric may curtail its customers.

The application is under review.

6. *Export Impact Assessment*

The Board has decided to prepare a second Export Impact Assessment ("EIA"), to take into account the long-term gas market outlook in the Board's report entitled *Canadian Energy Supply and Demand 1990-2010*, dated June 1991,

and to take into account the submissions and comments received on the first EIA prepared by the Board.

The EIA is one element of the public hearing component of the Market-Based Procedure, the method by which the Board assesses applications for long-term natural gas export licences. The intent of the EIA is to allow the Board to determine whether a proposed export is likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

When the Market-Based Procedure was implemented in 1987, the Board initially required licence applicants to file their own EIA studies. However, in 1989 the Board decided that it would produce an EIA, and that applicants could rely on the Board's EIA or file their own.

Interested parties were requested to file submissions with the Board by 17 December 1992. In the first week of March 1993, the Board will issue a list of issues for discussion at a technical workshop to be held in Calgary on 1 April 1993.

7. *KannGaz Producers Ltd. - Amendment to Gas Export Licence GL-77*

KannGaz applied on 27 September 1991 to amend Licence GL-77 to extend the termination date of the licence from 31 October 1999 to 31 October 2002 and to set the volumes to be exported at 3 540 000 cubic metres (122 million cubic feet) per day and 1 292 100 000 cubic metres (46 billion cubic feet) annually.

On 9 July 1992, the Board sent a letter to KannGaz requesting additional information. On 24 November 1992, KannGaz requested clarification of the supply information requested by the Board. On 17 December 1992, the Board provided clarification of the information requested. On 28 January 1993, KannGaz responded to the Board's information request.

The Board is reviewing the response to the information request.

8. *Unigas Corporation - Amendment to a Gas Sales Contract - Licence GL-166*

On 8 September 1992, Unigas applied for approval of an amendment to a Gas Sales Contract dated 1 November 1989 between Unigas and Northern Natural Gas Company. The amending agreement provides for the implementation of a new pricing mechanism and a reduction in contract takes. The original contract underpins exports under Licence GL-166. Licence GL-166 authorizes exports to Northern Natural, an American interstate pipeline serving the midwestern U.S.

The application is currently under review.

Pipeline Matters

Matters Completed

1. *Amoco Canada Petroleum Company Ltd. - Pipeline Construction*

On 15 October 1992, Amoco Canada applied for approval to construct a 73 millimetre outside diameter aluminum pipeline. The 2.2 kilometre long pipeline would transport crude oil and solution gas from Amoco Canada's wells in northwestern Alberta to oil and gas processing facilities in northeastern British Columbia.

On 19 November 1992, the Board sent a letter to Amoco Canada requesting additional information.

The Board approved the application on 2 February 1993.

2. *Blue Range Resource Corporation - Pipeline Construction*

On 2 October 1992, Blue Range applied for approval to construct a 16 kilometre, 219.1 millimetre diameter sour gas pipeline from the Clear Hills area of northwestern Alberta to the Westcoast Energy Inc. gathering system northeast of Fort St. John, British Columbia. The purpose of the pipeline would be to transport gas from Blue Range facilities to the Westcoast system for processing and distribution. The estimated cost of the pipeline is \$1,475,000.

The Board approved the application on 28 January 1993.

3. *Consumers' Gas (Canada) Ltd. - Purchase of TransCanada PipeLines Limited's Line 200-1*

On 24 August 1992, Consumers' Canada applied to purchase 4.1 kilometres of TransCanada's Line 200-1 at a cost of \$1.00; lease the necessary portion of the right-of-way from TransCanada; accept an assignment of the agreement between TransCanada and the City of Mississauga for the portions of right-of-way on city road allowances; and construct a two meter long tie-in to the Consumers' Gas Company Ltd. existing pipeline at an estimated cost of \$37,000. The portion of line applied for is located in the vicinity of the City of Mississauga, Ontario commencing at the interconnection of Consumers' Canada and TransCanada's facilities just upstream of MLV 204 to the Lisgar Sales Meter Station in the City of Mississauga.

The Board approved the application on 17 December 1992.

4. *Koch Exploration Canada, Ltd. - Pipeline Construction*

On 25 November 1992, Koch applied for approval to construct a 0.2 kilometre, 88.9 millimetre diameter polyethylene pipeline from a CO-OP 52 Ltd. gas metering station northeast of Provost, Alberta to a Koch oil battery northwest of Macklin, Saskatchewan. The purpose of the pipeline would be to transport fuel gas from the CO-OP meter station to the Koch oil battery. The estimated cost of the pipeline is \$9,000.

The Board approved the application on 23 December 1992.

5. *Mont Resources Limited and Inverness Petroleum Limited - Applications for Sale and Purchase of a Pipeline*

On 1 October 1992, Mont Resources applied for approval to sell its pipeline assets to Inverness. Inverness simultaneously applied to acquire the pipeline assets of Mont Resources.

Mont Resources facilities regulated by the Board consist of a 215-metre long crude oil pipeline in the Reagan Field east of Del Bonita, south Alberta.

The Board approved the application on 18 February 1993.

6. *Murphy Oil Company Ltd. - Abandonment of the Red Coulee Oil Pipeline*

On 11 August 1992, Murphy Oil, on behalf of Wascana Pipe Line Ltd, applied to abandon the Red Coulee pipeline. The Red Coulee pipeline, located south of Milk River, Alberta, was constructed in 1965. The pipeline is 76.2 millimetres in diameter and 750 metres long. It carried crude oil produced in the Red Coulee area to a point of interconnection on the Alberta/Montana border with the Permian pipeline. The Red Coulee pipeline has not been used since 1984.

The Board approved the application on 17 December 1992.

7. *Westcoast Energy Inc. - East Osborn Pipeline*

On 11 December 1992, Westcoast applied to the Board for approval to construct 18 kilometres of pipeline, known as the East Osborn Pipeline, to transport raw gas from the Osborn East field and the Clear Hills field to the existing Milligan-Peejay Pipeline on the Fort St. John Raw Gas Transmission System for processing at the McMahon Plant. The estimated cost of the project is \$4,006,000.

The Board approved the application on 28 January 1993.

8. *WBI Canadian Pipeline, Ltd. - Pipeline Construction*

On 25 February 1993, the Board dismissed, on jurisdictional grounds, an application dated 9 October 1992 by WBI Canadian for authorization to construct a 1.150-kilometre long international gas transmission pipeline in southern Saskatchewan.

In October 1992, WBI Canadian, a wholly owned subsidiary of Williston Basin Interstate Pipeline Company ("Williston Basin"), applied for approval to construct a short natural gas pipeline which would connect at North Portal, Saskatchewan to the TransGas Limited ("TransGas") 35.6 kilometre pipeline extending from Steelman to North Portal, Saskatchewan. In the United States, the WBI Canadian pipeline would connect to the Williston Basin pipeline. Williston Basin would extend its existing pipeline by 15.2 kilometres to the Canada/United States border in order to connect with WBI Canadian. WBI Canadian proposed to use the pipeline for south-bound deliveries of Alberta and Saskatchewan sourced gas into the North Dakota market only. The pipeline is designed to permit an initial firm capacity of approximately 281 000 cubic metres (10 million cubic feet) per day, and the direction of flow could be reversed.

The Board concluded that the 1.150-kilometre long pipeline applied for by WBI Canadian was part of a larger extraprovincial work connecting the province of Saskatchewan to the United States. The Board found that the new TransGas line from Steelman to North Portal was integral and essential to the proposed WBI Canadian line and that, when these two lines are joined and operations commence, the combined line would be operated as one overall undertaking of an international character. The Board has therefore, determined that the combined WBI Canadian and new TransGas lines will constitute a federal work and undertaking which should fall within federal jurisdiction and be regulated by the National Energy Board.

For the reasons set out above, the Board decided to dismiss the application on the basis that the pipeline applied for by WBI Canadian did not include the meter station and upstream facilities consisting of the Steelman to North Portal line constructed by TransGas.

9. Documentation Audit Report

The Board has adopted Documentation Audit Reports for compliance with the *Onshore Pipeline Regulations* for the following companies:

Interprovincial Pipe Line Inc.
3 December 1992

TransCanada PipeLines Limited
21 January 1993

10. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the date of approval, the approximate value of the approved projects and the order number.

Gas Pipeline Orders

Blue Range Resource Corporation
Approved on 28 January 1993
Estimated Cost: \$1,475,000
Order Number: XG-B88-2-93

Revenue Canada
Approved on 25 February 1993
Estimated Cost: \$7,500
Order Number: XG-R48-8-93

TransCanada PipeLines Limited
Approved on 22 December 1992
Estimated Cost: \$60,000
Order Number: XG-48-92

TransCanada PipeLines Limited
Approved on 22 December 1992
Estimated Cost: \$47,300
Order Number: XG-50-92

TransCanada PipeLines Limited
Approved on 14 January 1993
Estimated Cost: \$21,234,000
Order Number: XG-T1-1-93

TransCanada PipeLines Limited
Approved on 21 January 1993
Estimated Cost: \$4,570,000
Order Number: XG-T1-4-93

TransCanada PipeLines Limited
Approved on 4 February 1993
Estimated Cost: \$34,444,000
Order Number: XG-T1-5-93

Westcoast Energy Inc.
Approved on 17 December 1992
Estimated Cost: \$9,815,000
Order Number: XG-52-92

Westcoast Energy Inc.
Approved on 29 January 1993
Estimated Cost: \$4,006,000
Order Number: XG-W5-6-93

Westcoast Energy Inc.
Approved on 4 February 1993
Estimated Cost: \$3,000,000
Order Number: XG-W5-7-93

Westcoast Energy Inc.
Approved on 25 February 1993
Estimated Cost: \$13,884,000
Order Number: XG-W5-9-93

Oil Pipeline Orders

Manito Pipelines Ltd.
Approved on 21 January 1993
Estimated Cost: \$1,010,000
Order Number: XO-M42-1-93

Interprovincial Pipe Line Inc.
Approved on 17 December 1992
Estimated Cost: \$48,940,000
Order Number: XO-23-92

Trans Mountain Pipe Line Company Ltd.
Approved on 17 December 1992
Estimated Cost: \$9,526,400
Order Number: XO-30-92

Interprovincial Pipe Line (NW) Ltd.
Approved on 21 January 1993
Estimated Cost: \$1,961,800
Order Number: XO-J34-2-93

Interprovincial Pipe Line Inc.
Approved on 21 January 1993
Estimated Cost: \$7,640,200
Order Number: XO-J1-3-93

Matters Pending

11. *Petroleum Transmission Company - Propane Release at Winnipeg Terminal Station*

On 23 November 1992, the Transportation Safety Board ("TSB") released its report on the accidental release of propane at Petroleum Transmission Company's Winnipeg Terminal Inlet Meter Station which occurred on 29 September 1990.

As a result of its investigation, the TSB recommended that "The National Energy Board conduct an operational audit of pipelines under its jurisdiction with a view to ensuring that configurations similar to that of the Winnipeg Terminal include adequate safety systems to protect against abnormal pressure buildups and leaks".

The Board has requested pipeline companies under its jurisdiction to provide information regarding the existence of similar facilities for detailed analysis.

12. *Shell Canada Products Limited - Sale of Four Pipelines*

Shell applied on 6 March 1992 to sell a primary and three spare pipelines to SCL Pipelines Inc. The 168.3 millimetre diameter pipelines extend from Shell's Sarnia Manufacturing Centre located at the St. Clair Parkway in Corunna, Ontario to a point on the Canadian and U.S. border in the centre of the St. Clair River.

On 27 October 1992, the Board sent a letter to Shell requesting additional information.

The application is currently under review.

13. *TransCanada PipeLines Limited - Metering Station at St. Rémi, Quebec*

On 2 November 1992, TransCanada applied for approval to construct a metering station to serve the community of St. Rémi, Quebec. The cost of the project is estimated to be \$341,000.

On 19 November 1992, the Board sent a letter to TransCanada requesting additional information. TransCanada responded on 16 December 1992.

On 21 December 1992, TransCanada submitted an application to construct a sales tap at St. Rémi in order to serve a major customer through that location in January 1993. The Board approved the application on 22 December 1992.

On 4 February 1993, the Board sent a further letter requesting additional information.

14. *Trans Mountain Pipeline Company Limited - Refined Products Facilities*

Trans Mountain received requests from Shell Canada Limited and Petro-Canada Inc. to transport refined products by pipeline from Edmonton, Alberta to Burnaby, British Columbia. Shell and Petro-Canada decided in 1992 that they will convert their crude oil refining facilities in the Vancouver area to refined products distribution terminals.

On 15 December 1992, Trans Mountain applied to add facilities to its pipeline system to make pipeline transport of refined products feasible.

The proposed additional facilities, estimated to cost \$24.5 million, would involve the construction of new facilities at the Edmonton and Burnaby Terminals and the modification of existing tankage and piping at the Edmonton and Burnaby Terminals and the Kamloops and Sumas Pump Stations.

The application is currently under review.

15. *Westcoast Energy Inc. - Pine River Plant and Grizzly Pipeline System*

On 19 January 1993, Westcoast applied to expand its Pine River Plant and Grizzly Pipeline System. The proposed plant expansion, estimated to cost \$229 million, would increase the raw gas processing capability of the plant from 7.37 million cubic metres (260 million cubic feet) per day to 15.9 million cubic

metres (560 million cubic feet) per day. The companion expansion of the upstream Grizzly Pipeline System, estimated to cost \$85.7 million, would involve the installation of about 93.5 kilometres of line pipe ranging in diameter from 323.9 to 610 millimetres.

The application is currently under review.

16. *Westcoast Energy Inc. - Southern Mainline Looping*

On 21 December 1992, Westcoast applied for the installation of three 914 millimetre loops totalling 22.6 kilometres on its Southern Mainline and the installation of an additional compressor unit at Station 4B. The proposed loops, estimated to cost \$34.1 million, represent the last remaining sections of the Southern Mainline to be looped. The proposed compressor unit would be installed in 1994 at an estimated cost of \$36.4 million. These facility additions would increase the capacity of the Southern Mainline from its current level of 48.3 million cubic metres (1706 million cubic feet) per day to 51 million cubic metres (1800 million cubic feet) per day in the fall of 1993 and to 52.6 million cubic metres (1857 million cubic feet) per day in the fall of 1994.

The application is currently under review.

Traffic and Toll Matters

Matters Completed

1. *Canadian Association of Petroleum Producers - Foothills Pipe Lines Ltd. 1993 Tolls*

On 4 January 1993, CAPP applied to the Board to have Foothills' tolls made interim effective 1 January 1993. CAPP was of the view that the settlement approved by the Board on 26 November 1992 applied only to the 1992 year. CAPP further stated that it was currently negotiating with Foothills and that interim tolls would be appropriate and fair to all parties while settlement discussions are ongoing.

The settlement referred to by CAPP is as follows:

1. Reduction of the rate of return on common equity from 14.25 percent to 12.5 percent;
2. The adoption of flow-through tax methodology for 1992; and
3. The continued collection of the "Special Charge" until 1 November 2000 provided that the applied for rate of amortization (4 percent) and the applied for rate of carrying costs (return on common equity) be subject to review by the Board during this time.

On 14 January 1993, the Board decided that no arguments or facts had been provided to warrant making Foothills' tolls interim and, accordingly, denied the application.

2. Canadian Association of Petroleum Producers - Alberta Natural Gas Ltd's 1993 Tolls

On 15 December 1992, Alberta Natural Gas filed a new Statement of Effective Rates and Charges based on Alberta Natural Gas' projected costs for the first ten months of 1993.

On 4 January 1993, CAPP applied to the Board to have Alberta Natural Gas' tolls made interim effective 1 January 1993 for the following reasons:

1. to allow all parties time to assess whether Alberta Natural Gas' proposed 1993 tolls are reasonable, including its proposed rate of return on equity;
2. to allow time for the Board to require Alberta Natural Gas to demonstrate why a change to a 1 November to 31 October test year is appropriate; and
3. to allow CAPP's views on Alberta Natural Gas' pending Section 58 application for capital additions totalling \$16.25 million to be considered before the costs are included in Alberta Natural Gas' tolls.

On 14 January 1993, the Board decided that no arguments or facts had been provided to warrant making Alberta Natural Gas' tolls interim and, accordingly, denied the application.

3. Genesis Pipelines Canada Ltd. - Tariff Filing

On 29 June 1992, Genesis filed a revised set of tariff conditions and new tolls to be effective 1 August 1992.

On 11 and 27 August, 10 September and 2 October 1992, CanStates Energy and Consumers Power Company respectively filed letters objecting to the toll increases.

On 28 August 1992, the Board sent a letter to Genesis advising it that it was considering the complaints and that in the meantime the new tolls could continue to be charged on an interim basis from 1 September 1992. The Board also decided to allow interested parties to comment on this matter. Interested parties had until 5 October 1992 to comment and Genesis had until 19 October 1992 to respond to any comments received.

On 17 December 1992, the Board decided that, on the basis of the explanations provided, it was satisfied that the tolls contained in the tariff filed were just and reasonable. The Board made the tolls which had been charged on an interim basis since 1 September 1992 final.

4. Mobil Oil Canada Ltd. - Firm Service on the Westcoast Energy Inc. Pipeline System

On 27 November 1992, Mobil requested the Board's assistance in resolving a dispute with Westcoast regarding the termination date of a proposed firm service agreement.

On 17 December 1992, the Board sent a letter to Westcoast inviting it to comment on the merit of Mobil's application. The Board requested that Westcoast's comments be filed by 22 December and gave Mobil until 30 December to comment on Westcoast's reply.

On 22 and 23 December 1992, Westcoast and Mobil, respectively, replied to the Board's information request.

On 14 January 1993, the Board decided not to require Westcoast to issue to Mobil a firm service contract with the terms and conditions requested by Mobil.

5. Trans Mountain Pipe Line Company Ltd. - Class 1 Toll Application

Trans Mountain filed a Class 1 application on 14 November 1992, amended on 30 November 1992. Class 1 applications are designed to provide for a change in tolls resulting from revisions to forecast throughputs. In its 30 November 1992 updated application, Trans mountain revised its 1992 throughput forecasts upward by a further 345 cubic metres per day to average 30,022 cubic metres per day for the 1992 year.

On 1 November 1992, in anticipation of the application, the Board made Trans Mountain's tolls interim.

On 17 December 1992, the Board approved new final tolls for 1992.

6. Wascana Pipe Line Ltd. - Complaint by ENRON Oil Trading & Transportation Canada Ltd.

On 3 March 1992, ENRON filed a complaint with the Board alleging irregularities in the application of the tariff of the Wascana pipeline. ENRON complained that it was charged \$46,000 for line fill even though such a charge was not specified in Wascana's tariff. As the disputed charges arose in 1991, ENRON had paid them under duress in order to maintain access to the pipeline.

On 19 March 1992, the Board decided to give interested parties until 10 April 1992 to comment on this matter.

On 4 June 1992, the Board advised Wascana that line fill charge is a toll as defined by Section 2 of the Act and that if either Wascana or Murphy wishes to

charge such a toll, it must first be filed with the Board.

On 10 June 1992, Murphy filed a tariff containing a toll of \$0.56 per cubic metre for line fill on the Wascana pipeline.

On 2 July 1992, the Board requested further information on the line fill charge. On 5 August 1992, the Board received a further letter from ENRON requesting that the Board require Murphy to provide information to justify its line fill toll. Murphy responded to the Board's information request on 25 August 1992. On 23 September 1992, ENRON advised that it had settled with Murphy and was awaiting a ruling on the tariff filed with the Board.

On 21 January 1993, the Board approved Murphy's tariff as filed.

Matters Pending

7. Incentive Rate Regulation

On 19, 20 and 21 January 1993 the Board held a workshop in Calgary to examine potential incentive rate regulation schemes for pipelines under federal jurisdiction.

The Board expects to issue a report on the proceedings by mid-March 1993.

8. CanWest Gas Supply Inc. - Demand Charge Credits

On 4 November 1992, CanWest requested that the Board settle a disagreement that it has with Westcoast Energy Inc. regarding CanWest's claim for demand charge credits in connection with planned maintenance carried out by Westcoast in 1992.

On 14 January 1993, the Board sent letters to CanWest and Westcoast requesting additional information. Both Westcoast and CanWest responded to the information request on 16 February 1993.

The application is currently under review.

9. Foothills Pipe Lines (Alta) Ltd. Zones 6 and 7, Foothills Pipe Lines (South B.C.) Ltd. Zone 8 and Foothills Pipe Lines (Sask) Ltd. Zone 9 - 1993 Operating and Maintenance Budgets

On 30 November 1992, Foothills Pipe Lines Ltd. applied for approval of the 1993 Operating Maintenance Budgets for the above-noted companies.

On 17 December 1992, the Board approved, on an interim basis pending full review of the application, 50 percent of the budgets submitted.

10. Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application for 1993

On 16 September 1992, Trans Mountain filed a Class 2 toll application seeking approval of revised tolls to take effect 1 January 1993. Trans Mountain is seeking a toll increase of approximately 10 percent. The Company requested that if the Board is not able to render its decision on a final basis prior to 1 January 1993, the tolls applied for be approved on an interim basis.

Trans Mountain included a proposed timetable for the processing of the application. Trans Mountain also informed the Board that it expected to prepare and file an amendment to the application in November 1992 in conjunction with an application to construct facilities associated with the transportation of refined products to Burnaby area refineries (refer to item 14 under *Pipeline Matters*).

On 1 October 1992, the Board decided that it was not prepared to proceed further with the application until the information concerning the impact of the planned facilities mentioned above was incorporated in the Company's application for 1993 tolls.

On 1 December 1992, Trans Mountain amended its application. As a result of higher forecast throughputs contained in the amended application, the estimated toll increase was reduced to 7.5 percent. The Company requested that the applied-for tolls be made interim effective 1 January 1993.

On 17 December 1993, the Board approved Trans Mountain's request to make the applied-for tolls interim effective 1 January 1993. The Board also advised the Company of a revised schedule for processing the application.

On 13 January 1993, the Canadian Association of Petroleum Producers filed a complaint requesting that additional issues be addressed and that a consolidated Class 3 hearing of the Trans Mountain toll application and the application to construct facilities be initiated.

By letter dated 15 January 1993, Trans Mountain opposed CAPP's request.

On 21 January 1993, the Board invited interested parties to comment on the merits of adding the new issues that CAPP had raised to the current proceeding and CAPP's proposal that Trans Mountain's Class 2 application and the Company's application for refined petroleum facilities be consolidated and dealt with in a Class 3 public hearing. Interested parties had until 28 January 1993 to file their comments.

The Board received letters of comment from Chevron Canada Limited, Petro-Canada Inc., and Shell Canada Products Limited. None of those parties supported CAPP's request for a consolidated Class 3 hearing. The Board also received a letter of comment from Alberta petroleum Marketing Commission ("APMC"). With respect to the merits of CAPP's proposal that the Board consider certain additional issues and that Trans Mountain's Class 2 application be processed as a Class 3 application, the APMC indicated that it took no position. Finally, the APMC submitted that CAPP should not bear the onus of establishing that circumstances have changed significantly since RH-3-91 in order to have the Board consider CAPP's additional issues.

By letter dated 29 January 1993, CAPP replied to the comments filed by other parties. CAPP reiterate the APMC's view that it should not be required to establish new circumstances in order to bring its additional issues before the Board.

By letter dated 1 March 1993, the Board ruled on CAPP's complaint. The Board agreed with the APMC and CAPP that CAPP need not necessarily establish that there exist new circumstances relating to some aspect of Trans Mountain's undertaking or in economic conditions generally before the Board would add CAPP's additional issues to the Trans Mountain proceeding. However, the Board decided against adding the issues to Trans Mountain's Class 2 proceeding because, in its view, CAPP had failed to provide key facts and reasons based on such facts as to why those issues should be added to the proceeding. The Board indicated that it does not expect a party filing a complaint to set forth all of the facts upon which its complaint is based. Without such key facts, the Board indicated that it was not in a position to determine whether a complaint is *prima facie* meritorious.

11. *Trans-Northern Pipelines Inc. - Class 2 Toll Application*

On 30 November 1992, Trans-Northern applied for approval of a Class 2 toll adjustment and for interim tolls. Trans-Northern applied for a 7.5 percent toll increase and that the existing tolls be made interim effective 1 January 1993. In a letter dated 4 December 1992, Trans-Northern stated that it was in the process of consulting with interested parties with respect to its application.

On 17 December 1992, the Board decided that the existing tolls should be charged on an interim basis effective 1 January 1993. The Board also advised the Company that, in view of the fact that Trans-Northern was consulting with interested parties, it would hold in abeyance further processing of the application pending notification by Trans-Northern of the results of its discussions with interested parties.

On 21 December 1992, Trans-Northern advised the Board that the meeting with interested parties had been held and that the parties present expressed support for the application.

On 14 January 1993, the Board advised Trans-Northern that it was prepared to

proceed with reviewing the application including the proposal to have rate of return dealt with in the context of a Class 2 application. The Board also set down the schedule for processing the application. Interested parties were given until 12 March 1993 to comment on the application and Trans-Northern was given until 26 March to respond to any comments received.

On 28 January 1993, the Board sent a letter to Trans-Northern requesting additional information. Trans-Northern responded on 26 February 1993.

The application is currently under review.

12. *Westcoast Energy Inc. - Application for a Deferral in Implementing Daily Billing*

On 8 August 1991, Westcoast applied to the Board for permission to defer the implementation date for daily billing as set out in Section 5.5 of the RH-1-89 Reasons for Decision.

In the RH-1-89 Reasons for Decision, the Board expressed its expectation that Westcoast would develop during 1990 and 1991 procedures and computer programs necessary to enable Westcoast to eliminate the use of unutilized service credits in Zones 3 and 4 and that, effective 1 January 1992, Westcoast would bill shippers for the actual volumes of interruptible gas taken each day in these zones during the month.

Interested parties had until 5 December 1991 to file their views on the merits of Westcoast's application. Westcoast had until 11 December 1991 to file its reply to comments received.

On 19 December 1991, the Board decided to vary its decision as contained in the RH-1-89 Reasons for Decision so as to allow the Company to defer the implementation of daily billing. The Board directed Westcoast to carry out a review of its 1991-92 winter-season deliveries in order to demonstrate that the current revenue crediting procedure was not being taken advantage of by shippers who contracted for

both firm and interruptible service in Zones 3 and 4 of the system. The Board directed Westcoast to file the terms of reference for the review by 14 February 1992, and to file a report of the results of the review. Westcoast filed a report on 29 June 1992.

On 10 September 1992, the Board decided to re-examine the issue of daily billing and revenue crediting at a future Westcoast toll hearing. This was therefore identified as an issue in the RH-3-92 Hearing Order concerning Westcoast's application for 1993 tolls. During the RH-3-92 hearing, the Board acceded to a request from Westcoast and further deferred the examination of this issue.

Electric Power Matters

Matters Pending

1. *Electricity Review*

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities, and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

Two discussion papers entitled "Inter-Utility Cooperation" and "Transmission Access and Wheeling" were released on 30 November 1992 to interested parties for comment. Initial comments are to be filed by 19 March 1993 and any comments on other parties' submissions are to be filed by 14 May 1993.

2. *Ontario Hydro - Extend Export Permit EPE-21 to 30 June 2006*

On 10 December 1992, Ontario Hydro applied to extend export permit EPE-21 to 30 June 2006 or for the Board to issue a new permit for the period 1 July 1994 to 30 June 2006.

The Board decided to proceed with the application as an amendment to Permit EPE-21. Accordingly, the Board requested all interested parties to the original application (EW-3-90) to comment on the 10 December 1992 application. Interested parties had until 12 February to comment or make submissions and Ontario Hydro had until 22 February 1993 to reply.

The submissions received are currently under review.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* (formerly the *Canada Oil and Gas Production and Conservation Act*) and regulations made thereunder currently appear on the regulatory agenda of the Department of Energy, Mines and Resources. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. *Regulatory Initiatives*

The Energy, Mines and Resources/National Energy Board/Department of Indian and Northern Development Regulations Committee met in Calgary on 28 January 1993 to review the status of frontier legislation. One new initiative for the Operations and Safety Division is to review the *Canada Oil and Gas Operations Regulations* to determine whether an increase in the fee of \$25 for an Operating Licence could be justified.

Comments on the draft *Canada Oil and Gas Geophysical Regulations* received from industry and govern-

ment agencies were reviewed and recommendations to accommodate these changes were sent to the Privy Council, Justice Department.

(Other matters are reported under Item 8, *Amendments to Regulations*)

2. *Operations*

(a) the following approvals were granted under the *Canada Oil and Gas Act*

Approval to Alter Condition of a Well

NSM Arrowhead G-69
Paramount et al Cameron M-73
Paramount et al Cameron C-19
Paramount et al Cameron L-47
Paramount et al Cameron N-28
Panarctic Tenneco et al POR Drake F-16
Panarctic et al Drake Point D-68
Panarctic Tenneco et al POR Drake B-44
Panarctic Tenneco et al Drake D-73
Panarctic POR Homestead Drake E-78
Panarctic Drake Point L-67
Esso Norman Wells K-48X
Esso Norman Wells S-14X
Esso Norman Wells O-36X
Imperial Canol Bear Island M-46X
Imperial Canol Bear Island M-43X
Imperial Canol B38X

(b) *Inspections*

Imperial Oil Resources Process Building
HB Cameron A-05
Paramount et al Cameron C-19
Paramount et al Cameron M-73
Paramount et al Cameron L-47

(c) *Geological/Geophysical*

One seismic program in the Mackenzie Delta region was conducted by Shell Canada Limited. A second program in the southern Northwest Territories has also been approved. Applications for authorization to conduct three geological and geophysical reprocessing programs in the north are anticipated shortly.

3. *Production*

A fire on 21 December 1992 destroyed the process building and rendered

Norman Wells refinery inoperative. Production from the field was not affected. Reconstruction is currently in progress and the refinery is expected to be back on stream by early May 1993. The estimated cost of repairs is \$2 million.

4. *Diving*

Work on the development of diving examinations for certification in the various categories continued. A common form for certification as a diver, a supervisor, pilot and as a diving safety specialist was developed and accepted by Canada Newfoundland Offshore Petroleum Board and Canada Nova Scotia Offshore Petroleum Board ("CNSOPB"). Seven applications were received and three certifications issued. At the request of CNSOPB, Lasmo's operational diving manual was reviewed and suggestions for improvement made.

The recognition by the Board of the Marine Institute of Saint Romuald, Quebec for diving certification has been suspended until all the deficiencies found during a recent inspection are corrected. The applications for recognition from a United States school and an Ontario school are currently under review.

5. *Advice on Rights Management Issues*

A call for nomination in the Mackenzie Delta, Beaufort Sea region was made by the Minister of Indian Affairs and Northern Development, incorporating advice on terms and conditions and allowable expenditures from Board Staff. The call opened 5 January 1993 and were to close 5 April 1993. The Board and the Chief, Data Management are designated in the call document for receipt of submissions.

6. *Environmental Studies Research Funds*

The 1993 Environmental Studies Research Funds budget and levy rates have been approved by the Ministers of Energy, Mines and Resources and Indian and Northern Affairs. The 1992 Annual Report was submitted to the

Ministers in accordance with the *Canada Petroleum Resource Act*, paragraph 79(1). Also, the Environmental Studies Research Funds Secretariat published and distributed 13 technical reports over the period. A listing of the reports is available through the Secretariat.

**7. Environmental Assessment and Review
(Frontier Proposals)**

Environmental Assessment Review Process screenings of four Paramount Resources proposals were completed during the period covered in this Regulatory Agenda:

- (a) trucking produced water to Zama, Alberta for treatment and disposal;
- (b) amendment to the Cameron Hills Oil Development Plan, Phase I. Extended Production Testing;
- (c) application to alter condition of Paramount et al Cameron N-28; and
- (d) proposed 1993 3D Seismic Program, Cameron Hills, Northwest Territories.

For each of the Paramount Resource proposals, it was found that potentially adverse effects are insignificant or

mitigable with known technology and that projects may proceed or proceed with mitigation.

Environmental Assessment Review Process screenings were also completed for the Panarctic Oil Ltd. 1993 High Arctic Well Abandonments and for the Shell Canada Limited proposed 1993 Seismic Program, Mackenzie Delta, Northwest Territories. The finding for both proposals was that the potentially adverse environmental effects are insignificant or mitigable with known technology and that the proposals may proceed or may proceed with mitigation.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The *Onshore Pipeline Regulations* provide for the safe design, construction and operation of onshore oil and gas pipelines. The regulations will be updated and amended to reflect the Board's decision with respect to the Board-industry deliberations on the 12 recommendations included in the Board's report of June 1986 on an accident on Interprovincial Pipe Line Limited's system in February 1985.

The Board will proceed at the same time with various housekeeping amendments, including the integration of the latest editions of the Canadian Standard Association pipeline standards into the Regulations. It is anticipated that the proposed revisions will be sent to interested parties for comment by the end of 1993.

The proposed amendments will require examination by the Department of Justice and approval by the Governor in Council.

2. Offshore Pipeline Regulations

On 24 November 1988, the Board issued for comment the second draft of its new *Offshore Pipeline Regulations*. These regulations provide for the safe design, construction, and operation of offshore pipelines. The Canadian Standard Association standard, "CAN/CSA-Z187-M87, *Offshore Pipelines*", forms the technical basis for the Board's new *Offshore Pipeline Regulations*.

Interested parties had until the end of April 1989 to submit comments. A final draft of the regulations was approved by the Board on 12 July 1989. The draft regulations were reviewed by the Department of Justice and pre-published in the *Canada Gazette* on 20 April 1991.

Additional comments on the proposed regulations were due by 20 May 1991,

and those are currently under review by the Board.

3. Part VI Regulations

The Part VI Regulations are being amended to reflect the new *Canadian Electricity Policy*. As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 4 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

Once approved by the Board, the Regulations will be sent to the Department of Justice for examination, then they will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The Regulations will then require approval by the Governor in Council.

4. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the

Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations, which will require examination by the Department of Justice and approval by the Governor in Council, will be processed together with the comprehensive amendment to the Part VI Regulations noted above.

5. Pipeline Companies Records Preservation Regulations

The Board has decided to request that the Minister of Energy, Mines and Resources recommend to the Governor in Council that the above noted Regulations be revoked. The Board found that the records to be preserved under these Regulations were also covered in other regulations of the Board. These Regulations set out the records companies should preserve and for how long.

6. Pipeline Crossing Regulations, Parts I and II

These Regulations, which came into effect in October 1988, establish the conditions under which excavation and construction activities affecting pipelines can be safely conducted by third parties.

In June 1990, Section 112 of NEB Act, which deals with third party crossings, was amended to broaden the scope of the Board's jurisdiction to include all excavation activity within 30 metres of the pipeline right of way. As a result, the Crossing Regulations require an amendment to clarify the addition of the 30 metre zone.

The Crossing Regulations also require some administrative and editorial revisions resulting from the review by the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations. Suggestions for amendments will also be solicited from municipalities, utilities, excavators, pipeline companies and other interested parties.

7. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the *September 1988 Canadian Electricity Policy*; the regulations will be resubmitted to the Department of Justice for examination and the Governor in Council for approval.

8. Regulations Pertaining to Frontier Oil and Gas Activities

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration (COGLA) were transferred to the National Energy Board. This is the first step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities

encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Promulgated and In Effect

Canada Oil and Gas Drilling Regulations
Canada Oil and Gas Operations Regulations
Canada Oil and Gas Diving Regulations
Canada Oil and Gas Production and Conservation Regulations
Canada Oil and Gas Spills and Debris Liability Regulations

Further amendments to the foregoing regulations will be required by virtue of the new *Canada Oil and Gas Operations Act*.

Regulations Being Reviewed by Department of Justice

Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Diving Regulations - amendments

Regulations Being Drafted

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Certificate of Fitness Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is

also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords. For example, the *Offshore Newfoundland Drilling Regulations* have been submitted to the Department of Justice, while the Offshore Nova Scotia version has been approved by the Department of Justice and is awaiting Nova Scotia acceptance prior to proceeding to Governor in Council approval.

Rules of Practice and Procedure

The Board is revising its *Rules of Practice and Procedure*. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board. The schedules which form part of the Rules provide samples of forms.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the *Canada Gazette*. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the *National Energy Board Act* and changes in export regulation, and intends, after industry and the public have been consulted on these amendments, to have the rules examined by the Department of Justice and published in the *Canada Gazette* in order to have them promulgated.

Parties wishing to comment on the proposed changes were requested to file their submission by 19 February 1993. The Board is currently reviewing the comments received.

Administrative Matters

Speeches

1. *"Future Markets for Canadian Gas"* a presentation by R. B. Horner, Member, to the Executive Enterprises, Inc. Conference, California/Canada: The Natural Gas Connection on 7 December 1992 in San Francisco, California
2. *"The National Energy Board Agenda - Where is Canada Heading?"* a presentation by C. Bélanger, Member, to the Executive Enterprise, Inc. U.S./Canada Crossborder Natural Gas Regulation Conference: Implications of Order 636 for Canadian Gas on 12 January 1993 in Calgary, Alberta.
3. *"Effects of Restructuring on the U.S./Canadian Natural Gas Trade"* a presentation by A. Côté-Verhaaf, Member, to the Executive Enterprises, Inc., 13th Annual

Natural Gas Conference, The Restructuring of the Natural Gas Industry Under Order No. 636 on 28 January 1993 in Washington, D.C.

4. *"Unfinished Business: FERC Order 636 and the Future of Canadian Gas Exports"* a presentation by R. Priddle, Chairman, to the CERA Executive Conference, New Horizons: Energy Strategies for the Future on 9 and 10 February 1993 in Houston, Texas.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403)292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-to, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:

Regulatory Support Office (403) 292-4800

For information contact:

Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies			
(a) Hearing Matters				Licence or permit Amendments 15
			(iii)	Licence or permit Revocations 15
				Oil Exports
				Registered Oil Export Orders 10
(i) Certificates				
Pipeline	35		(iv)	Tolls
Power line	30			Class I and II Adjustments 20
				Interim Orders 20
(ii) Export licences or Permits				Operating and Maintenance Budgets 20
Natural gas	35			Changes in Depreciation Rates 20
Electricity	30			Quarterly Surveillance Reports 20
				New or Changed Tariffs 20
(iii) Tolls	35			Domestic Gas Sales Contracts and
				Amendments 20
(iv) Land Acquisitions	10			Amendments to Tariff Orders 20
(b) Non-Hearing Matters			(v)	Pipelines and Power Lines
				Exemption Orders Power Lines 15
(i) Natural Gas				Exemption Orders Pipelines
Export Orders	05			(Sec. 58) 20
Orders for Transmission Access	20			Certificate Amendments 20
Licence Amendments	20			Certificate Revocations 20
Amendments to Export Contracts	20			Leave to Sell or Transfer 20
Licence Revocations	20			Incident Reports 20
(ii) Electricity Exports			(vi)	Other
Orders	15			Applications for Review 20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Lillian Handelman	299-2741
Member	R. Byron Horner	299-2727
Secretary	Mona Butler	299-2728
Member	A. Boyd Gilmour	299-2733
Secretary	Mary Lou Scharf	299-2734
Member	Anita Côté-Verhaaf	299-2739
Secretary	Deborah Larch	299-2738
Member	Céline Bélanger	299-2737
Secretary	Deborah Larch	299-2738
Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728
Member	Kenneth W. Vollman	299-2730
Secretary	Mary Lou Scharf	299-2734
Member	Robert Andrew	299-2736
Secretary	Lillian Handelman	299-2741

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Finance and Administration Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

Personnel Branch

Director	Jim Thompson	299-3694
Secretary	Sylvie Zurwerre	299-3695

Planning, Audit and Evaluation Branch

Director	Claire Scott	299-2747
Secretary	Francine Poudrette	299-2748

Chief, Internal Audit	Roy E. Aylett	299-2749
Manager, Corporate Planning and Program Evaluations	Ghislaine Joly	299-2750

Information Technology Branch

Director	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603

OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Secretary	Lorna Patterson Smith	299-2712
Asst. Secretary, Regulatory	Roger Breault	299-2714
Asst. Secretary,	Ann Sicotte	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561
Board Distribution Centre		292-4800
General Information		292-4800

ENERGY REGULATION DIRECTORATE

Director General	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Economics Branch

Director	John Hayward	299-3621
Secretary	Carmen Maier	299-3622

Assistant Director and Manager, Regulatory Economic Division	Glenn Booth	299-3621
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Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166

Assistant Director and Chief, Regulatory Chief, Generation Planning	Ivan Harvie Alec Penman	299-3167 299-3180	Facilities and Production		
			Director Secretary	Terry Baker Karen Befus	299-2792 299-2789
Gas and Oil Branch			Pipeline Engineering Branch		
Director Secretary	Raymond Choy Linda Byers	299-3189 299-3185	Director Secretary	John McCarthy Melanie Gnyp	299-2766 299-2758
Assistant Director and Chief, Transportation and Oil Exports	Hans Pols	299-3195	Chief, WEI and IPL	Brenda Kenny	299-2761
Chief, Gas Export	Denis Dubuc	299-3186	A/Chief, Gas Pipelines East	Paul Trudel	299-2768
Financial Regulation Branch			Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
Director Secretary	Gaétan Caron Janet Soucy	299-3646 299-3648	Chief, Safety	Jake Abes	299-2777
Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Harmit Bajaj	292-5048	A/Chief, ANG/Foothills/ NPA/Altamont	Robert Power	299-2769
Chief (IPL, TNPI and Cochin)	Dan Grunig	299-3649	ENVIRONMENT DIRECTORATE		
Chief (Westcoast and TMPL)	Albert Fung	299-3662	Director General Admin. Coordinator Secretary	Dr. Ken Sato Paulette Richard Marie Josée Mercier	299-3675 299-3680 299-3676
Chief (TCPL and IPL(NW))	Steve Brown	299-3653	Environment and Lands Branch		
ENGINEERING DIRECTORATE			Director A/Secretary	Vacant Geraldine Metcalfe	299-3665 299-3666
Director General Admin. Coordinator	Glenn Yungblut Cecilia Cupido	299-2788 299-2752	Asst. Director and Chief, Environment	Steve Pierce	299-3668
Special Advisor - Northern Region,	Maurice Thomas	299-3864	Chief, Operational Programs	Gord Higginson	299-3672
Special Advisor - Diving	Jan Merta	299-2791	Pollution Control Division		
Operations and Safety			Director	Jim McComiskey	299-3677
Director Secretary	Fred Lepine Margaret Merta	299-2790 299-2787	Physical Environment Division		
Regional Manager (Yellowknife) 403-920-8178	Andy Graw	403-920-8175	A/Director	Oleh Mycyk	299-3678
Secretary	Jocelyn Ray		Emergency Response and Financial Liability Division		
			Director	Jim Anderson	299-3682

Environmental Studies Research Funds

A/Manager	Brian Nesbitt	299-3679
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Operations and Reserves

A/Chief	Giles Morrell	299-3117
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ENERGY RESOURCES DIRECTORATE

Director General	Graham Campbell	299-3102
Secretary	Carole Gauthier	299-3103
Admin. Coordinator	Ruth Grenville	299-3517

*Crude Oil, NGL
and Coal Supply Division*

Chief	Gerrit Hos	299-3120
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Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Chief	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

A/Chief	Bruce Young	299-3147
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LAW BRANCH

General Counsel	Judith Snider	299-2703
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Assistant General Counsel	Richard Graw	299-2705
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Secretary	Maureen Cooley	299-2704
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Counsel	Margery Fowke	299-2708
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Counsel	Charles Morin	292-6489
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Counsel	Diane Champagne	292-6495
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Secretary	Elizabeth Arden	292-6540
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Counsel	John Syme	299-2709
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Counsel	Peter Noonan	299-3552
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Counsel	Lori Ann Boychuk	299-2707
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Counsel	Judith Hanebury	292-6497
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Secretary	Susan Gudgeon	299-3551
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Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of inter-provincial and international pipelines and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canada Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

National Energy Board
311 - Sixth Avenue S.W.
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Regulatory Agenda

Issue No. 45

(The Period covered in this Regulatory Agenda is 1 March to 31 May 1993)

1 June 1993

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Twelve Applications for Natural Gas Export Licences - GH-6-92*

Reasons for Decision dated January 1993; issued on 11 March 1993.

The Board held a public hearing from 2 to 4 November 1992 in Calgary on 12 applications for licences to export natural gas.

The Board issued twelve licences for the export of some 10.1 million cubic metres (356 million cubic feet) of natural gas per day for periods ranging from 7 to 15.5 years. The total volume authorized for export over the term of the licences is approximately 45 billion cubic metres (1.6 trillion cubic feet).

The Board issued licences to the following companies:

ENCO Gas, Ltd., Poco Petroleum Ltd., San Diego Gas & Electric Company ("SDG&E"/Bow Valley Industries Ltd., San Diego Gas & Electric Company/Canadian Hunter Marketing Ltd., San Diego Gas & Electric Company/Husky Oil Operations Ltd., San Diego Gas & Electric Company/Summit Resources Limited, Southern California Edison Company ("Edison")/AEC Oil and Gas Company, a division of Alberta Energy Company Ltd., Southern California Edison Company/Imperial Oil Resources, Southern California Edison

Company/Shell Canada Limited, Southern California Edison Company/Western Gas Marketing Limited, Summit Resources Limited, and The Washington Water Power Company, by its agent Grand Valley Gas Company.

Of the foregoing applications, the four Edison and the four SDG&E applications are for sales to the southern California market through the proposed expansion of the Alberta Natural Gas Company Ltd/Pacific Gas Transmission Company ("ANG/PGT") systems, while the applications by Washington Water Power, Summit and Poco are for sales to the Pacific Northwest region, also through the ANG/PGT expansion. These were the first applications to be examined by the Board for licences to

export natural gas on the ANG/PGT expansion. The ENCO application is for exports to the Pacific Northwest region, but it does not involve the use of the ANG/PGT expansion.

The Board conducted, by means of written submission, an environmental screening of the export proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order* and concluded that the applications fell within the ambit of the Board's Exclusion List.

2. *TransCanada PipeLines Limited - 1993 Toll Application - RH-2-92*

Reasons for Decision dated February 1993; issued on 17 March 1993.

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National
Energy Board



Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.
Applications Considered by Hearing



The Board held a public hearing from 13 October to 23 November 1992 in Calgary on an application by TransCanada for approval of new tolls effective 1 January 1993.

The Board approved a 1993 revenue requirement, net of miscellaneous revenue, of \$1.6 billion, or \$35.9 million less than the revenue requirement applied for by TransCanada. The Board also approved a rate of return on common equity of 12.25 percent. TransCanada had applied for 13.25 percent.

The decision results in a firm service toll to the Eastern Zone which is 0.2 percent higher than the toll in 1992, but 2.2 percent lower than the toll the Company had applied for.

On 6 May 1993, the Canadian Association of Petroleum Producers applied for a review of the Board's decision (refer to item 2 under *Reviews and Appeals, Reviews Under Consideration* on page 6).

3. *Westcoast Energy Inc. - 1993 Toll Application - RH-3-92*

Reasons for Decision dated March 1993; issued on 30 March 1993.

The Board held a public hearing from 16 to 25 November 1992 in Vancouver and Calgary on an application by Westcoast for new tolls effective 1 January 1993.

The Board's decision was based on a settlement of Westcoast's application for 1993 tolls, which was filed after the Board had begun its proceeding on the application. This settlement was negotiated between Westcoast and a group of interested parties and was not contested by intervenors. The terms of the negotiated settlement included a reduction of \$500,000 in the applied-for operating and maintenance expenses and a request that Westcoast be awarded the same rate of return on common equity for 1993 as the Board would award TransCanada PipeLines Limited (see item 2 above).

In its decision, the Board approved a 1993 revenue requirement estimated at

\$370.1 million. It also approved a rate of return on common equity of 12.25 percent, the same rate awarded to TransCanada.

In a decision issued in December 1992, Westcoast was granted, on an interim basis, the applied-for toll increase of 2.1 percent which took effect 1 January 1993. The Board directed Westcoast to file final tolls for 1993 that are uniform throughout the year. These final tolls were estimated to be slightly lower than those requested by Westcoast. Accordingly, the Board directed Westcoast to refund to its customers the difference between the tolls resulting from this decision and the interim decision, together with carrying charges. However, the Board directed Westcoast to continue to charge, on an interim basis, the toll for liquids recovery service which has been in effect since 1 January 1993, pending the Board's final disposition of an application dated 10 February 1993 from Westcoast concerning this service (refer to item 8 under *Traffic and Toll Matters* on page 16).

In the RH-3-92 Reasons for Decision, the Board also provided the reasons for the new queuing and access procedures issued in a decision dated 4 March 1993.

Following an exchange of letters between the Board and Westcoast, the Company filed new tolls using as actual the 31 December 1992 closing balances of the deferral accounts found in Westcoast's surveillance report for the fourth quarter of 1992. On that basis, the Board approved a final 1993 revenue requirement of \$367.3 million, which yields a toll increase of 1.1 percent.

Hearing Decisions Pending

1. *Six Applications for Natural Gas Export Licences - GH-7-92*

The Board held a public hearing on 22 and 23 February 1993 in Calgary to consider six applications from five companies for eight licences to export natural gas. The applications were from Canadian Hydrocarbons Marketing Inc., CanWest Gas Supply Inc., Enron Gas Marketing,

Inc., New York State Electric & Gas Corporation and two applications from Unigas Corporation.

In total, the above companies applied for licences to export some 2.2 million cubic metres (80 million cubic feet) of natural gas per day for periods ranging from 4 to 15 years. The total volume applied for over the term of the licences would be approximately 7.3 billion cubic metres (260 billion cubic feet).

The Board is conducting, by means of written submission, an environmental screening of the export proposals in compliance with the *Environmental Assessment and Review Process Guidelines Order*.

The Board expects to issue its Reasons for Decision in June 1993.

2. *Westcoast Energy Inc. - Pine River Plant and Grizzly Pipeline System - GH-1-93*

The Board held a public hearing on 5 and 6 May 1993 in Fort St. John on an application by Westcoast for approval to expand its Pine River Gas Plant and its Grizzly Pipeline System. The projects are located near Chetwynd, British Columbia.

The proposed plant expansion, estimated to cost \$232 million, would increase the raw gas processing capability of the plant from 7.67 million cubic metres (260 million cubic feet) per day to 15.9 million cubic metres (560 million cubic feet) per day, beginning 1 November 1994. The companion expansion of the upstream Grizzly Pipeline System, estimated to cost \$67.6 million, would involve the installation of about 74.7 kilometres of pipeline.

During the hearing the Board also considered matters for an environmental assessment under the *Environmental Assessment and Review Process Guidelines Order*.

The Board expects to issue its Reasons for Decision in late June 1993.

Hearings Scheduled

1. TransCanada PipeLines Limited - Application to Construct Facilities for the 1993/1994 and 1994/1995 Operating Years - GH-2-93

The Board has set down for public hearing commencing on 21 June 1993 at 1:30 p.m. in Toronto an application by TransCanada for the installation of additional facilities during 1994 and 1995. Construction is planned to take place in Saskatchewan, Manitoba and Ontario.

TransCanada originally submitted its application on 18 December 1992 and amended it on 23 March and 28 May 1993.

In its amended application, TransCanada applied to construct \$397.3 million worth of new facilities, including 164.4 kilometres of new pipeline, 129.2 megawatts of additional compression, two aftercoolers and the upgrade of one compressor unit. The facilities applied for will be used to provide new services totalling 2 million cubic metres (71.8 million cubic feet) of long haul firm service natural gas deliveries and six million cubic metres (211 million cubic feet) of short haul firm service.

On 25 May 1993, the Board advised TransCanada that, as a result of a motion by the Canadian Association of Petroleum Producers, it would remove from the hearing the issues dealing with changes to the Company's tariff respecting the minimum notice periods for the renewal of transportation contracts and TransCanada's request for the approval

of certain toll discounts for long-term contracts and toll premiums for short-term contracts.

As required by the *Environmental Assessment and Review Process Guidelines Order*, the Board will be conducting an initial assessment of the potential environmental effects and the directly related social effects of the proposed additional facilities.

2. CanWest Gas Supply Inc. and ProGas Limited - Applications for Natural Gas Export Licences and to Amend an Existing Licence - GH-3-93

The Board has set down for public hearing commencing on 28 June 1993 at 1:00 p.m. in Calgary applications from CanWest and ProGas for licences to export natural gas. ProGas also applied to have the volumes in an existing licence reduced.

CanWest applied for a 20-year licence to export up to 300 520 cubic metres (10.6 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The gas would be sold to Klickitat Energy Company and used to fuel a 49.5 megawatt natural gas and wood waste fired combined cycle cogeneration project at Bingen, Washington.

ProGas applied for a 10-year licence to export up to 2 124 600 cubic metres (75 million cubic feet) of natural gas per day at Emerson, Manitoba. The gas would be sold to Consumers Power Company, a local distribution company, to serve its franchise area in the lower peninsula of

Michigan. ProGas also applied to amend an existing gas export licence by reducing the authorized volumes of that licence by the volumes applied for in the application for a new licence.

As required by the *Environmental Assessment and Review Process Guidelines Order*, the Board will be conducting an initial assessment of the potential environmental effects and directly related social effects of the export proposals.

3. Foothills Pipe Lines Limited - Tolls - RH-1-93

The Board will hold a public hearing commencing on 23 August 1993 at 1:00 p.m. in Calgary to consider issues relating to the tolls and tariffs of Foothills.

The Board received requests from both the Canadian Association of Petroleum Producers ("CAPP") and the Alberta Petroleum Marketing Commission ("APMC") to hold a public hearing on Foothills' tolls. CAPP and APMC maintain that the currently allowed rate of return on common equity of 12.5 percent is excessive. The Board has not held a full public hearing on Foothills' tolls and tariff matters since 1984.

The Board made the Company's tolls interim on 25 March 1993 in response to complaints from CAPP and APMC. CAPP and APMC have identified several issues they requested be addressed at the toll hearing, including rate of return on common equity, common equity ratio and a drawdown of deferred income taxes.

Matters Considered by Written Submission

Matters Completed

1. *Manitoba Hydro-Electric Board - Export of Electricity - EHW-1-92*

Reasons for Decision dated February 1993; issued on 6 April 1993.

The Board issued two permits to Manitoba Hydro for the export of electricity to utilities in the States of Minnesota, Wisconsin, North and South Dakota, and Michigan. Both permits replace existing licences which expired on 30 April 1993.

Although Manitoba Hydro requested that the export permits have terms of 30 years, the Board limited the terms to 12 years and six months, beginning on 1 May 1993. In addition, to ensure that only short-term transactions would be carried out under the permits, the Board limited the maximum duration of any single contract for the export of electricity under the permits to three years.

Permit EPE-45 allows the export of up to 1 900 megawatts of short-term firm power and up to 16 650 gigawatt hours of energy in any consecutive 12-month period, less any energy exported under Manitoba Hydro's other export permits and licences in the same interval.

Permit EPE-46 allows the export of up to 16 650 gigawatt hours of interruptible energy in any consecutive 12-month period, less any energy exported under Manitoba Hydro's other export permits and licences in the same interval.

The Board conditioned the permits to require Manitoba Hydro to provide fair market access for Canadians to the proposed exports and also to provide interested parties with information on its exports. Fair market access is meant to afford Canadian purchasers who have demonstrated an intention to buy electricity for consumption in Canada an opportunity to purchase electricity on terms and conditions, including price, as favourable as those offered to an export customer.

As required by the Environmental Assessment and Review Process Guidelines Order, the Board conducted an initial assessment of the potential environmental effects of the export proposals and the social effects directly related to those environmental effects. The Board found that any potentially adverse effects on the environment of the sending of the electricity which will be exported under the requested permits will be insignificant or mitigable with known technology.

2. *The New Brunswick Power Corporation - Export Permit - EHW-1-93*

On 31 May 1993, the Board approved an application dated 10 February 1993 from NB Power for a permit to export electricity to Eastern Maine Electric Cooperative, Incorporated for a period of ten years beginning 27 May 1993.

The permit allows the export up to 20 megawatts of power and 175.2 gigawatt hours of firm energy annually. The new permit replaces an existing authorization.

As required by the Environmental Assessment and Review Process Guidelines Order, the Board conducted an initial assessment of the potential environmental effects of the export proposals and the social effects directly related to those environmental effects. The Board found that any potentially adverse effects on the environment of the sending of the electricity which will be exported under the requested permits will be insignificant or mitigable with known technology.

Matters Pending

3. *Inquiry Concerning the Transportation Safety Board ("TSB") Recommendations on Stress Corrosion Cracking ("SCC") in Pipelines and the Reassessment of TransCanada PipeLines Limited's Pipeline Maintenance Program ("PMP") - MHW-1-92*

The Board is conducting an inquiry concerning the TSB's recent recommenda-

tions dealing with the problem of external SCC in pipeline transportation systems. The inquiry will also deal with a reassessment of TransCanada's PMP.

The inquiry is being held in response to recommendations issued by the TSB regarding two recent pipeline breaks on TransCanada's natural gas transportation system, both of which occurred in Ontario. There were no injuries or fatalities in either incident.

As a result of three earlier pipeline breaks which occurred in 1985 and 1986, also without causing human injury, TransCanada implemented a PMP to investigate and study possible solutions to the SCC problem. Since 1985, the Board has been actively involved in monitoring and inspecting TransCanada's progress and has approved the expenditures related to the PMP.

After implementation of the PMP, no pipeline failures attributable to SCC (with the exception of a leak near Brandon, Manitoba) occurred until December 1991. At that time there was a break on the line near Cardinal, Ontario. The second break on the line occurred near Tunis, Ontario. Both of these breaks occurred in remote areas. None of the breaks associated with SCC have occurred in heavier wall pipe, which is required by NEB regulation for populated areas. The breaks near Cardinal and Tunis were investigated by the TSB which issued recommendations to the Board on 5 November 1992.

Stress corrosion cracking involves a complex process which can result in the formation of cracks on the surface of a buried pipeline. In severe cases, the pipeline can fail if the cracking goes undetected for several years.

Since the mid 1960s, SCC has been the focus of intensive research in several countries to determine the key factors which cause it. Some of the factors identified to date include the operating pressures and temperatures of the pipeline,

the pipe material and coating and the presence of a corrosive environment on the outside surface of the pipe.

The Board decided that an inquiry with input from parties concerned about SCC would be an effective means of responding to the TSB's recommendations and of reassessing TransCanada's PMP.

The Board expects to issue a report of its finding by the end of July 1993.

4. Generic Rate of Return on Equity Proposal

The Board, as part of the initiatives stemming from its incentive regulation

workshop (refer to item 2 under *Traffic and Toll Matters* on page 14), is considering holding a public hearing in the Fall on generic return on equity.

A three day workshop was held in January 1993 to seek industry views on the possible and practical alternatives to the traditional cost of service method of regulating pipelines under the Board's jurisdiction. A number of proposals discussed at the workshop are now being examined by the Board. The Board is of the view that the return on equity determination process could be streamlined, and has issued a discussion paper out-

lining a possible approach to a generic determination of rate of return on equity.

The Board is asking for initial comments on the suggested approach by 25 June 1993 and reply comments by 6 July 1993. It is the Board's intention to announce the process it will adopt for determining a generic return on equity, if any, by the end of July 1993, and to be in a position to hold a generic return on equity hearing in the Fall of this year.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are dormant.

Dormant

- | | |
|--|--|
| 1. Foothills Pipe Lines (Yukon) Ltd. | - Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Mobil Oil Canada Ltd., Petro-Canada Inc., Texaco Canada Resources Ltd. and Nova Scotia Resources (Ventures) Limited | - Applications dated 17 July 1985 to export natural gas (Venture Project). |
| 4. Foothills Pipe Lines Ltd. | - Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline. |

Reviews and Appeals

Reviews Under Consideration

1. *Canadian Association of Petroleum Producers ("CAPP") - Trans Mountain Pipe Line Company Ltd.*

By application dated 22 March 1993, CAPP applied for a review and reversal of the Board's decisions dated 1 and 5 March 1993 regarding Trans Mountain's Class 2 Toll Application dated 16 September 1992 (refer to Item 5 under *Traffic and Toll Matters* on page 14). CAPP requested immediate stay of the current proceedings until the Application for Review has been considered and ruled on by the Board.

In its Decision of 1 March 1993, the Board denied the relief requested in CAPP's complaint with respect to Trans Mountain's Class 2 Toll Application. In its Decision of 5 March 1993, the Board approved a toll design for certain of Trans Mountain's facilities. In its Application for Review, CAPP stated that in its decisions the Board had expressed views and taken actions which in CAPP's view, are contrary to the Board's regulatory mandates as established by the Board's governing legislation and, therefore, constitute an error of law and/or justice.

On 14 April 1993, the Board decided to conduct a one-step review of its decisions. Interested parties were invited to comment on whether or not the Board should convene a Class 3 hearing to consider, inter alia, the issues identified by the Board in a letter dated 18 December 1992 and the issues raised by CAPP in a letter dated 13 January 1993. Trans Mountain and interested parties had until 27 April 1993 to file comments and CAPP had until 4 May 1993 to reply to any comments received.

The Board received letters of comment from the Alberta Petroleum Marketing Commission, Chevron Canada Limited, Petro-Canada and Trans Mountain. In its submission, Trans Mountain took

issue with the Board's decision to conduct a one-step review of its 1 and 5 March 1993 decisions; addressed the merits of CAPP's error of law ground for review; and raised a procedural objection to the Board considering certain evidence filed as part of CAPP's review application.

On 21 May 1993, the Board advised Trans Mountain that it had decided as follows:

- it did not err in deciding to conduct a one-step review in connection with CAPP's application;
- it was not prepared to reverse its 1 and 5 March 1993 decisions on the basis of the error of law and/or jurisdiction grounds advanced by CAPP;
- it would consider the "evidence" which CAPP had included with its review application;
- it would provide Trans Mountain with an opportunity to address the merits of CAPP's evidence; and
- it would reverse its 5 March 1993 decision and provide CAPP and interested parties with an opportunity to comment on the general principles of toll design which should apply to the above-referenced Trans Mountain facilities.

The Board gave Trans Mountain until 31 May 1993 to comment on CAPP's second ground for review (CAPP's evidence) and CAPP was given until 4 June 1993 to reply to any comments received from Trans Mountain. With respect to Trans Mountain's proposed tolling methodology for the refined petroleum product facilities, the Board gave interested parties until 31 May 1993 to file comments and Trans Mountain was given until 4 June 1993 to reply to any comments received.

2. *Canadian Association of Petroleum Producers ("CAPP") - TransCanada PipeLines Limited - RH-2-92*

By application dated 6 May 1993, CAPP applied for a review of the Board's RH-2-92 Reasons for Decision dated February 1993 regarding TransCanada's 1993 Toll Application (refer to Item 2 under *Recent Hearing Reports and Decisions* on page 1).

On 17 March 1993, the Board issued its Reasons for Decision setting new tolls to be charged by TransCanada for transportation of natural gas effective 1 April 1993. As part of that decision, the Board approved a rate of return on common equity of 12.25 percent. The Company had requested 13.25 percent.

CAPP's application for review is restricted to those aspects of the (RH-2-92) decision that relate to the cost of capital of TransCanada, specifically to the deemed common equity ratio and the rate of return on common equity. The application for review also seeks a variance of the Board's Order TG-1-93 by which the decision was implemented.

The application is currently under review.

3. *TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993*

(Refer to item 4 under *Appeals Pending* on page 7.)

On 23 April 1993, TransGas applied for a review of the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15-kilometre long pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under *Pipeline Matters* on page 10.) TransGas sought the review on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

On 20 May 1993, the Board decided to conduct a review. The Board will issue its Directions on Procedures regarding the review in June 1993.

Appeal Withdrawn

1. **Altamont Gas Transmission Canada Limited - NEB Reasons for Decision Dated 25 February 1993 - GHW-1-92**

On 29 March 1993, Altamont Canada applied to the Federal Court of Appeal for leave to appeal the Reasons for Decision GHW-1-92 issued on 25 February 1993 in which the Board dismissed an application by Altamont Canada to construct a 300-metre long pipeline crossing the international border in the vicinity of Wild Horse, Alberta. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 2 under Matters Considered by Written Submission on page 3.) Altamont Canada sought the appeal on the basis that the Board erred in law and jurisdiction in denying the application. Altamont Canada withdrew its appeal on 26 April 1993.

Appeals Pending

2. **Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)**

(For details on this case, please refer to Issue No. 42 of the Regulatory Agenda dated 1 September 1992.)

3. **Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16**

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 19 April 1993.

4. **TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993**

(Refer to item 3 under Reviews Pending on page 6.)

On 26 March 1993, TransGas applied to the Federal Court of Appeal for leave to appeal the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15-kilometre long pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under Pipeline Matters, Matters Completed on page 10.) TransGas sought the appeal on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

The appeal is being held in abeyance until the Board has completed its review.

Other Applications

The Board has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 March 1993 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *Alberta and Southern Gas Co. Ltd. - Export to Pacific Gas Transmission Company*

On 13 January 1993, Alberta and Southern applied for an exemption from or a variation of Order MO-2-92 in order to permit Alberta and Southern to export gas into Northern California under Licence GL-99 and a short-term order for the period from 13 January to 31 March 1993. The gas to be exported would be gas that was not under contract to Alberta and Southern at the time Order MO-2-92 was issued.

Paragraph 1 of Order MO-2-92 states:

"All exports, at the points of exportation situated on the international boundary between Canada and the United States of America, near Kingsgate and Huntingdon, in the Province of British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by Alberta and Southern Gas Co. Ltd. for sale into the Northern California market, shall cease."

The Order prohibits the export of gas to Northern California which was not under contract with Alberta and

Southern at the time of the issuance of the Board's order.

Alberta and Southern stated in its application that the reason for the request for relief was that it had to curtail service to Pacific Gas Transmission Company and other markets because of the failure of a number of Alberta and Southern's producers, principally in Alberta, to meet Alberta and Southern's nominations under its existing gas purchase contracts. One of the reasons for the failures included severe cold weather deliverability.

On 14 January 1993, the Board decided to approve the application and grant relief by exempting Alberta and Southern from Order MO-2-92 only on those days during the period from 14 January 1993 to 31 March 1993, when producers in the Alberta and Southern pool supply do not meet the nominations of Alberta and Southern at the maximum daily rate permitted under their contracts.

On 4 February 1993, the Board sent a letter to Alberta and Southern noting that the prolonged cold spell experienced in December 1992 and early January 1993, which was one important circumstance underpinning Alberta and Southern's application and the Board's allowance of relief from Order MO-2-92, had subsided. The Board directed Alberta and Southern to show cause why the relief granted in the Board's letter of 14 January 1993 should not be revoked. The Board directed the Company to respond to the show cause order by close of business on 9 February 1993. Alberta and Southern responded by letter dated 9 February 1993. By letter dated 12 February 1993, the Board requested additional information from Alberta and Southern. The Company responded by letter dated 18 February 1993.

On 11 March 1993, the Board revoked the relief granted in the its letter of 14 January 1993. The Board concluded that Alberta

& Southern had not provided any substantive information or justification for the continuation of the relief granted from Board Order MO-2-92.

2. *Canadian Hydrocarbons Marketing Inc. - Amending Agreement - Natural Gas Export Licence GL-183*

On 16 June 1992, Canadian Hydrocarbons applied for approval of an Amending Agreement dated 31 March 1992 to the Gas Sales Agreement dated 1 February 1991 with Washington Natural Gas Company underpinning exports under Licence GL-183. Licence GL-183 authorizes exports to Washington Natural for system supply.

The Board approved the application on 22 April 1993.

3. *Canadian Hydrocarbons Marketing Inc. - Amending Agreement - Natural Gas Export Licence GL-131*

On 24 July 1992, Canadian Hydrocarbons applied for approval of an Amending Agreement dated 1 November 1991 to the Kingsgate Gas Sales Agreement dated 23 September 1960 between Westcoast Energy Inc., Westcoast Energy Marketing Ltd, Canadian Hydrocarbons and Northwest Pipeline Corporation underpinning exports under Licence GL-131. Licence GL-131 authorizes export to Northwest Pipeline Corporation for system supply.

The Board approved the application on 8 April 1993.

4. *Crestar Energy - Transfer of Amoco Canada Resources Ltd.'s Natural Gas Export Licence GL-108 to Crestar and Approval of Two Gas Sales Contracts*

On 1 March 1993, Crestar Energy applied for approval of two Gas Sales Contract dated 4 August 1992 between Crestar Energy and Crestar Energy Marketing Corp., and Crestar Energy Marketing Corp. and Northern States Power

Company which would replace the Gas Sales Contract dated 1 November 1987 between Dome Petroleum Limited and Northern States Power Company underpinning exports under Licence GL-108. Crestar Energy also applied for approval of an amendment dated 10 February 1993 to the Gas Sales Contract dated 4 August 1992 with Northern States Power Company. Crestar Energy also applied for the transfer of Licence GL-108 from Amoco to Crestar Energy.

In 1988, Dome Petroleum Limited was issue Licence GL-108 authorizing exports to Northern States Power Company to serve its customers in Grand Fork and Fargo, North Dakota. Amoco currently holds Licence GL-108 as successor to Dome. By letter dated 1 March 1993, Amoco assigned its entire right, title and interest as licensee under Licence GL-108 to Crestar Energy.

The Board approved the application on 20 May 1993. The amendment to the licence requires Governor in Council approval before it may take effect.

5. *Direct Energy Marketing Limited - Export From Kingsgate, British Columbia*

On 15 January 1993, Direct Energy advised the Board that it had exported gas contrary to the Board's Order MO-2-92 (refer to item 1 above, paragraphs 2 and 3, for details of MO-2-92). Direct Energy indicated that it had shipped gas at Kingsgate from 9 to 13 January 1993. The sale involved a total volume of 955 000 cubic metres.

On 28 January 1993, the Board directed Alberta Natural Gas Company Ltd to file a letter describing and explaining the circumstances surrounding this occurrence in light of Alberta Natural Gas' letter of 30 October 1992 which indicated new procedures had been put in place to prevent such occurrences. Alberta Natural Gas responded by letter dated 17 February 1993.

On 11 March 1993, the Board advised Direct Energy that any future non-com-

pliance with the Board's Order MO-2-92 will result in the Board requiring the Company to show cause why its short-term export order should not be revoked.

6. *Direct Energy Marketing Limited - Export to Texas-Ohio West, Inc. and Pacific Gas & Electric*

On 15 January 1993, Direct Energy applied for an exemption from or a variation of Order MO-2-92 (refer to item 1 above, paragraphs 2 and 3, for details of MO-2-92) in order to permit Direct Energy to export gas to Texas-Ohio West, Inc. and Pacific Gas & Electric Company under a short-term order for the period from 15 January to 1 April 1993. The gas to be exported would be gas that was not under contract to Alberta and Southern at the time Order MO-2-92 was issued.

Direct Energy stated that the basis for the application for relief was the extenuating circumstances currently being faced by Pacific Gas and Electric. Pacific Gas and Electric has experienced unusually cold weather in its franchise territory in northern California such that the current contract between Alberta and Southern and Pacific Gas Transmission Company is not providing Pacific Gas Transmission/Pacific Gas and Electric with sufficient gas supply to meet Pacific Gas and Electric's current needs. As a result, Direct Energy indicated that Pacific Gas and Electric may curtail its customers.

On 11 March 1993, the Board denied the application because it was not persuaded that there was any new information or circumstances provided which were not known to the Board when the subject Order was issued.

7. *Husky Oil Operations Ltd. - Amended and Restated Gas Purchase Agreement - Natural Gas Export Licence GL-185*

On 2 October 1992, Husky Oil applied for approval of an Amended and Restated Gas Purchase Agreement dated 1 August 1992 between Husky Oil, Tenaska Washington Partners, L.P. and Tenaska

Gas Company replacing the Gas Purchase Agreement dated 4 November 1991 underpinning exports under Licence GL-185. Licence GL-185 authorizes exports to fuel a cogeneration facility in Ferndale, Washington.

The Board approved the application on 18 March 1993.

8. *Husky Oil Operations Ltd. - Amending Agreement - Natural Gas Export Licence GL-144*

On 15 May 1993, Husky Oil applied for approval of an Amending Agreement dated 30 October 1991 to the Natural Gas Purchase Agreement dated 15 February 1990 with Power City Partners, L.P. underpinning exports under Licence GL-144. Licence GL-144 authorizes exports to a cogeneration facility in Massena, New York.

The Board approved the application on 27 May 1993.

9. *Indeck Gas Supply Corporation - Revocation of Natural Gas Export Licences GL-155 and GL-156*

On 5 March 1993, Indeck applied for revocation of its Licences GL-155 and GL-156 because of the termination of its transportation service. The gas authorized for export under the Licences was to be used by two cogeneration plants located in Corinth and Ilion, New York.

The Board approved the application on 25 March 1993.

10. *KannGaz Producers Ltd. - Amendment to Natural Gas Export Licence GL-77*

KannGaz applied on 27 September 1991 to amend Licence GL-77 to extend the termination date from 31 October 1999 to 31 October 2002 and to set the volumes to be exported at 3 540 000 cubic metres (125 million cubic feet) per day and 1 292 100 000 cubic metres (46 billion cubic feet) annually. The application does not request a change in the term volume of the licence.

On 20 July 1992, the Board sent a letter to KannGaz requesting additional information. On 28 January 1993, KannGaz responded to the Board's information request.

The Board approved the application on 8 April 1993. The amendment to the licence requires Governor in Council approval before it may take effect.

11. *L&J Energy Systems, Inc. - Revocation of Natural Gas Export Licence GL-148*

On 18 March 1993, L&J Energy applied for revocation of its Licence GL-148 because of the termination of its Gas Sales Contract with Morgan Hydrocarbons Inc. Licence GL-148 authorized exports which were to be used by a cogeneration plant in Lowville, New York.

The Board approved the application on 2 April 1993.

12. *Norcen Energy Resources Limited - Amending Agreement - Natural Gas Export Licence GL-115*

On 3 March 1993, Norcen applied for approval of an Amending Agreement dated 1 September 1992 to the Gas Sales Contract dated 20 April 1988 with Consumers Power Company, underpinning exports under Licence GL-115. Licence GL-115 authorizes exports to Consumers Power as system supply.

The Board approved the application on 22 April 1993.

13. *Poco Petroleums Ltd. - New Gas Sales Agreements - Natural Gas Export Licence GL-174*

On 31 August 1992, Poco applied for approval of two new Gas Sales Agreements dated 1 May 1990 which would replace the Gas Sales Contract dated 1 May 1990 with IGI Resources, Inc. underpinning exports under Licence GL-174. Licence GL-174 authorizes exports to IGI Resources which in turn sells the gas to Intermountain Gas

Company and C.P. National Corporation, two local distribution companies in the States of Idaho and Oregon.

The Board approved the application on 2 April 1993.

14. *ProGas Limited - Amendments to Gas Sales Agreements - Natural Gas Export Licence GL-98*

On 30 November 1992, ProGas applied for approval of amendments to Gas Sales Agreements between ProGas and Texas Eastern Gas Transmission Corporation, Natural Gas Pipeline Company of America, and Tennessee Gas Pipeline Company of America dated 16 June, 1 November and 21 October 1992, respectively. The Gas Sales Agreements underpin exports under Licence GL-98. The Licence authorizes exports to the three above-mentioned interstate pipelines which serve markets in the United States Midwest and Northeast.

The Board approved the application on 25 March 1993.

15. *Three Joint Applications - Selkirk Cogen Partners, L.P. and Atcor Ltd, Selkirk and Imperial Oil Resources, and Selkirk and PanCanadian Petroleum Limited - Amended and Restated Gas Purchase Contracts - Natural Gas Export Licences GL-192, GL-193 and GL-194*

On 26 February 1993, the joint applicants applied for approval of three Amended and Restated Gas Purchase Contracts, one dated 21 January 1993 and two dated 22 October 1992, replacing three Gas Purchase Agreements, one dated 13 August and two dated 12 August 1991, underpinning exports under Licences GL-192, GL-193 and GL-194. The licences authorize exports to fuel a cogeneration facility in Selkirk, New York.

The Board approved the applications on 20 May 1993.

16. *Unigas Corporation - Amendment to a Gas Sales Contract - Natural Gas Export Licence GL-166*

On 9 September 1992, Unigas applied for approval of an amendment to a Gas Sales Contract dated 1 November 1989 between Unigas and Northern Natural Gas Company underpinning exports under Licence GL-166. Licence GL-166 authorizes exports to Northern Natural, an interstate pipeline company serving the midwestern United States.

The Board approved the application on 13 May 1993.

17. *Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amending Agreement - Natural Gas Export Licence GL-121*

On 3 December 1992, Western Gas, as agent for TransCanada, applied for approval of an Amending Agreement dated 26 October 1992 to the Gas Sales Contract dated 29 April 1988 with the Consumers Power Company underpinning exports under Licence GL-121. Licence GL-121 authorizes exports to Consumers Power Company as system supply in the State of Michigan.

The Board approved the application on 18 March 1993.

18. *Western Gas Marketing Limited, as Agent for TransCanada PipeLines Limited - Amending Agreement - Natural Gas Export Licence GL-83*

On 21 October 1991, Western Gas, as agent for TransCanada, applied for approval of an Amending Agreement dated 21 August 1991 to the Gas Sales Contract dated 14 September 1987 with Boundary Gas, Inc. underpinning exports under Licence GL-83. Licence GL-83 authorizes exports to Boundary Gas which purchases gas for several local distribution companies in the United States.

The Board approved the application on 29 April 1993.

Matters Pending

19. *Export Impact Assessment ("EIA")*

In September 1992, the Board prepared and distributed for comment and for discussion at a future workshop a second EIA, to take into account the long-term gas market outlook in the Board's report entitled *Canadian Energy Supply and Demand 1990-2010*, dated June 1991, and to take into account the submissions and comments received on the first EIA prepared by the Board.

Interested parties were requested to file submissions with the Board by 17 December 1992. The Board received nine written submissions representing 12 interested parties.

The Board held the EIA Workshop on 1 April 1993 in Calgary. The Board expects to issue a summary of discussion of the workshop in June 1993.

The EIA is one element of the public hearing component of the Market-Based Procedure, the method by which the Board assesses applications for long-term natural gas export licences. The intent of the EIA is to allow the Board to determine whether a proposed export is likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

Pipeline Matters

Matters Completed

1. *ELAN Energy Inc. - Pipeline Construction*

On 28 January 1993, ELAN applied for approval to construct a 12.5-kilometre long pipeline known as the Cactus-Bodo Fuel Gas Line. The purpose of the proposed pipeline is to transport fuel gas from ELAN's Cactus 1 Battery in Saskatchewan to ELAN's Bodo heavy

oil battery in Alberta. The estimated cost of the pipeline is \$450,000.

The Board approved the application on 26 March 1993.

2. *Husky Border Pipelines Ltd. and Husky Oil Operations Ltd. - Sale of Pipeline*

On 9 March 1993, Husky Border and Husky Oil, in a joint application, applied for approval to sell the Border Pipeline System, firstly from Husky Border to Husky Oil and, secondly, from Husky Oil to the Joint Venturers of the Bi-Provincial Upgrader. The Border Pipeline System consists of four 10.4-kilometre long pipelines constructed for the purpose of transporting heavy crude and products between Husky Oil's Lloydminster terminal in Alberta and the Bi-Provincial Upgrader in Saskatchewan.

The Board approved the application on 29 April 1993.

3. *Novacor Chemicals (Canada) Ltd. and Dome N.G.L. Pipeline Ltd. - Sale of Pipeline*

On 19 March 1993, Novacor, on behalf of itself and Dome, applied for approval of the sale from Dome to Novacor of a portion of pipeline and meter facility which lies inside Novacor's plant property. The Dome pipeline section and meter facility were constructed in 1988. The pipeline section begins at the Dome Eastern Delivery System mainline near Corunna, Ontario and heads west to the Novacor plant property, where it comes above ground and continues for approximately another one kilometre inside the plant to the meter facility.

The Board approved the application on 13 May 1993.

4. *TransCanada PipeLines Limited - Meter Station at St. Rémi, Quebec*

On 2 November 1992, TransCanada applied for approval to construct a meter

station to serve the community of St. Rémi, Quebec. The estimated cost of the project is \$341,000.

On 21 December 1992, TransCanada submitted an application to construct a sales tap at St. Rémi in order to serve a major customer through that location in January 1993.

The Board approved the application for a sales tap on 22 December 1992 and approved the construction of the meter station on 19 March 1993.

5. *Trans Mountain Pipe Line Company Limited - Refined Products Facilities*

Trans Mountain received requests from Shell Canada Limited and Petro-Canada Inc. to transport refined products by pipeline from Edmonton, Alberta to Burnaby, British Columbia. Shell and Petro-Canada decided in 1992 that they will convert their crude oil refining facilities in the Vancouver area to refined products distribution terminals.

On 15 December 1992, Trans Mountain applied for approval to add facilities to its pipeline system to make pipeline transport of refined products feasible. The proposed additional facilities, estimated to cost \$24.5 million, would involve the construction of new facilities at the Edmonton and Burnaby Terminals and the modification of existing tankage and piping at the Edmonton and Burnaby Terminals and the Kamloops and Sumas Pump Stations.

On 5 March 1993, the Board advised Trans Mountain that with respect to its proposed toll design for the requested refined petroleum facilities, the Board was of the view that Trans Mountain's proposal was consistent with past Board decisions and accordingly found the toll design methodology as proposed by the Company to be acceptable. The Board further advised that, should it approve the applied-for facilities, that this toll design methodology would be used to set tolls. Further, the Board advised that

the manner in which this toll design methodology is to be applied to specific components of the proposed facilities and final tolls for 1993 will be considered within the ambit of the Class 2 toll application (refer to item 5 under *Traffic and Toll Matters* on page 14 and item 1 under *Appeals and Reviews*, on page 6).

The Board approved the application and issued Orders XO-T4-7-93 and XO-T4-16-93 on 12 March and 13 May 1993, respectively.

6. *Westcoast Energy Inc. - Southern Mainline Looping*

On 21 December 1992, Westcoast applied for the installation of three 914 millimetre loops totalling 22.6 kilometres on its Southern Mainline and the installation of an additional compressor unit at Compressor Station 4B. These facility additions would increase the capacity of the Southern Mainline from its current level of 48.3 million cubic metres (1 706 million cubic feet) per day to 51 million cubic metres (1 800 million cubic feet) per day in the fall of 1993 and to 52.6 million cubic metres (1 857 million cubic feet) per day in the fall of 1994. The proposed loops, estimated to cost \$34.1 million, represent the last remaining sections of the Southern Mainline to be looped. The proposed compressor unit would be installed in 1994 at an estimated cost of \$36.5 million.

The Board approved the application on 27 May 1993.

7. *Various Construction Projects*

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the dates of approval, the approximate value of the approved projects and the order numbers.

Gas Pipeline Orders

1. Alberta Natural Gas Company Ltd
Approved on 12 March 1993
Estimated Cost: \$10,798,000
Order Number: XG-A2-11-93
2. Alberta Natural Gas Company Ltd
Approved on 8 April 1993
Estimated Cost: \$1,554,000
Order Number: XG-A2-16-93
3. ELAN Energy Inc.
Approved on 26 March 1993
Estimated Cost: \$450,000
Order Number: XG-E89-13-93
4. Foothills Pipe Lines Ltd.
Approved on 23 March 1993
Estimated Cost: \$415,000
Order Number: XG-F6-14-93
5. Foothills Pipe Lines Ltd.
Approved on 22 April 1993
Estimated Cost: \$1,913,500
Order Number: XG-F6-20-93
6. Foothills Pipe Lines Ltd.
Approved on 6 May 1993
Estimated Cost: \$1,688,000
Order Number: XG-F6-21-93
7. Niagara Gas Transmission Limited
Approved: 7 May 1993
Estimated Cost: \$3,400
Order Number: XG-N6-15-93
8. TransCanada PipeLines Limited
Approved on 19 March 1993
Estimated Cost: \$341,000
Order Number: XG-T1-10-93
9. TransCanada PipeLines Limited
Approved on 2 April 1993
Estimated Cost: \$2,618,000
Order Number: XG-T1-12-93
10. TransCanada PipeLines Limited
Approved on 20 May 1993
Estimated Cost: \$32,197,500
Order Number: XG-T1-23-93

11. Westcoast Energy Inc.
Approved on 27 May 1993
Estimated Cost: \$5,014,000
Order Number: XG-W5-17-93
12. Westcoast Energy Inc.
Approved on 11 May 1993
Estimated Cost: \$270,000
Order Number: XG-W5-22-93
13. Westcoast Energy Inc.
Approved on 20 May 1993
Estimated Cost: \$391,000
Order Number: XG-W5-25-93
14. Westcoast Energy Inc.
Approved on 27 May 1993
Estimated Cost: \$27,304,000
Order Number: AO-1 XG-22-92
(Replaces Schedule "A" to Order XG-22-92)

Oil Pipeline Orders

1. Cochin Pipe Lines Ltd.
Approved on 30 April 1993
Estimated Cost: \$55,000
Order Number: XO-C18-9-93
2. Interprovincial Pipe Line Inc.
Approved on 6 May 1993
Estimated Cost: \$769,000
Order Number: XO-J1-13-93
3. Interprovincial Pipe Line Inc.
Approved on 6 May 1993
Estimated Cost: \$283,000
Order Number: XO-J1-15-93
4. Interprovincial Pipe Line Inc.
Approved on 13 May 1993
Estimated Cost: \$1,330,000
Order Number: XO-J1-21-93
5. Interprovincial Pipe Line Inc.
Approved on 1 April 1993
Estimated Cost: \$63,461,400
Order Number: AO-3-XO-6-92
(Replaces Schedule "A" to Order XO-6-92)

6. Manito Pipelines Ltd.
Approved on 20 April 1993
Estimated Cost: \$14,000
Order Number: XO-M42-8-93

7. Murphy Oil Company Ltd.
on behalf of
Manito Pipelines Ltd.
Approved on 6 April 1993
Estimated Cost: \$12,000
Order Number: XO-M42-5-93

8. Murphy Oil Company Ltd.
on behalf of
Wascana Pipe Line Ltd.
Approved on 30 April 1993
Estimated Cost: \$165,000
Order Number: XO-W23-14-93

9. Petroleum Transmission Company
Approved on 28 April 1993
Estimated Cost: \$90,000
Order Number: XO-P15-11-93

10. Trans Mountain Pipe Line
Company Ltd.
Approved on 11 March 1993
Estimated Cost: \$2,007,500
Order Number: XO-T4-6-93

11. Trans Mountain Pipe Line
Company Ltd.
Approved on 12 March 1993
Estimated Cost: \$18,003,000
Order Number: XO-T4-7-93

12. Trans Mountain Pipe Line
Company Ltd.
Approved on 7 May 1993
Estimated Cost: \$97,100
Order Number: XO-T4-12-93

13. Trans Mountain Pipe Line
Company Ltd.
Approved on 15 April 1993
Estimated Cost: \$1,416,000
Order Number: XO-T4-17-93

14. Trans Mountain Pipe Line
Company Ltd.
Approved on 13 May 1993
Estimated Cost: \$7,426,000
Order Number: XO-T4-16-93

15. Trans Mountain Pipe Line
Company Ltd.
Approved on 15 April 1993
Estimated Cost: \$4,317,000
Order Number: AO-1-XO-12-92
(Replaces Schedule "A" to Order
XO-12-92)

16. Trans-Northern Pipelines Inc.
Approved on 20 May 1993
Estimated Cost: \$3,821,000
Order Number: XO-T2-18-93

Matters Pending

8. *Petroleum Transmission Company -
Propane Release at Winnipeg
Terminal Station*

On 23 November 1992, the Transportation Safety Board ("TSB") released its report on the accidental release of propane at Petroleum Transmission Company's Winnipeg Terminal Inlet Meter Station which occurred on 29 September 1990.

As a result of its investigation, the TSB recommended that "The National Energy Board conduct an operational audit of pipelines under its jurisdiction with a view to ensuring that configurations similar to that of the Winnipeg Terminal include adequate safety systems to protect against abnormal pressure buildups and leaks".

The Board is currently completing its analysis of responses to a detailed information request from all pipelines under its jurisdiction regarding the existence of similar facilities. The Board expects to respond to the TSB by the end of June 1993.

9. *Shell Canada Products Limited - Sale
of Four Pipelines*

On 6 March 1992, Shell applied for approval to sell a primary and three spare pipelines to SCL Pipelines Inc. The 168.3 millimetre diameter pipelines extend from Shell's Sarnia Manufacturing Centre located at the St.

Clair Parkway in Corunna, Ontario to a point on the Canadian and United States border in the centre of the St. Clair River.

On 27 October 1992, the Board sent a letter to Shell requesting additional information. Shell responded on 28 April 1993.

The application is currently under review.

10. *TransCanada PipeLines Limited -
Pipeline Rupture Near Marionville,
Ontario*

On 9 December 1992, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally regulated pipelines can be quickly and safely isolated."

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis. Responses to the Board's information request are due on 19 June 1993 and the Board expects to complete its analysis by August 1993.

11. *Trans-Northern Pipelines Inc. -
Application for Approval of 1993
Capital Projects*

On 30 November 1993, Trans-Northern applied for approval of capital projects for 1993. The application included 19 projects totalling \$5 761 000.

On 20 May 1993, the Board approved part of the application totalling \$3 821 000. On the same date the Board sent a letter

to Trans-Northern requesting additional information on the remainder of the application. (Refer to item 6 under *Traffic and Toll Matters* on page 15.)

Traffic and Toll Matters

Matters Completed

1. *CanWest Gas Supply Inc. and Petro-Canada - Application Seeking Demand Charge Credits from Westcoast Energy Inc*

On 4 November 1992, CanWest wrote to the Board seeking demand charge credits from Westcoast. CanWest indicated that, during the period 28 September to 25 October 1992, it was not able to fully utilize its contracted firm service as a result of outages related to construction of new facilities on the Westcoast system. On 18 February 1993, Petro-Canada informed the Board that it was in a similar position as CanWest.

On 6 May 1993, the Board decided that demand charge credits were to be issued to the affected shippers for the shortfall in the delivery of gas requested which was caused by the 1992 looping project during the period of 28 September to 25 October 1992. The Board further decided that the issue of the appropriate regulatory treatment for the demand charge credits payable should be examined in the next Westcoast toll proceeding. Pending final disposition of this matter, the Board directed Westcoast to record, without carrying charges, the demand charge credits paid in a deferral account.

Matters Pending

2. *Public Consultation on Incentive Regulation*

On 19, 20 and 21 January 1993 the Board held a workshop in Calgary for the pipeline industry, shippers and other interested parties to examine alternative to traditional cost of service regulation of pipelines under federal jurisdiction.

On 11 March 1993, the Board issued a summary of the discussions held at the workshop. A number of proposals discussed at the workshop are now being examined by the Board. A discussion paper on Generic Return on Equity Hearing was released on 14 May 1993 for comment.

(Refer also to item 4 under *Matters Considered by Written Submission* on page 5)

3. *Foothills Pipe Lines (Alta) Ltd. Zones 6 and 7, Foothills Pipe Lines (South B.C.) Ltd. Zone 8 and Foothills Pipe Lines (Sask) Ltd. Zone 9 - 1993 Operating and Maintenance Budgets*

On 30 November 1992, Foothills Pipe Lines Ltd. applied for approval of the 1993 Operating Maintenance Budgets for the above-noted companies.

On 17 December 1992, the Board approved, on an interim basis pending full review of the application, 50 percent of the budgets submitted.

The remainder of the application was deferred to Foothills toll hearing (refer to item 3 under *Hearings Scheduled* on page 3).

4. *TransCanada PipeLines Limited-Diversions*

On 3 and 18 June 1992, Consumers Packaging Inc. and W. Fruehauf Consulting Limited, on behalf of Beaver Wood Fibre Company, applied to the Board for relief in respect of TransCanada's decision to curtail certain diversions on its system. As the issues raised in those applications were tariff related, the Board decided to add the issue of diversions to the list of issues to be considered in TransCanada's 1993 tolls case (RH-2-92). Prior to the hearing, TransCanada, on behalf of the 1993 Tolls Task Force, requested that the Board defer consideration of this issue until the Spring of 1993, at which time it would file a report detailing the pro-

ceedings and resolutions of the 1993 Tolls Task Force Diversion Sub-Committee. On 18 September 1992, the Board decided to defer consideration of the issue until the Spring of 1993.

After having reviewed the 1993 Tolls Task Force-Diversion Sub-Committee's final report, the Board decided to allow interested parties an opportunity to comment on the report's recommendations. Interested parties have until 11 June 1993 to comment, and TransCanada has until 18 June 1993 to reply to any comments received.

5. *Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application for 1993*

On 16 September 1992, Trans Mountain filed a Class 2 toll application seeking approval of revised tolls to take effect 1 January 1993. Trans Mountain is seeking a toll increase of approximately 10 percent. The Company requested that if the Board was not able to render its decision on a final basis prior to 1 January 1993, the tolls applied for be approved on an interim basis.

Trans Mountain informed the Board that it expected to prepare and file an amendment to the application in November 1992 in conjunction with an application to construct facilities associated with the transportation of refined products from Edmonton to Burnaby (refer to item 5 under *Pipeline Matters* on page 11).

On 1 October 1992, the Board decided that it was not prepared to proceed further with the application until the information concerning the impact of the planned facilities mentioned above was incorporated in the Company's application for 1993 tolls.

On 1 December 1992, Trans Mountain amended its application. As a result of higher forecast throughputs contained in the amended application, the estimated toll increase was reduced to 7.5 percent. The Company requested that the applied-for tolls be made interim effective 1 January 1993.

On 18 December 1993, the Board approved Trans Mountain's request to make the applied-for tolls interim effective 1 January 1993. As well, the Board decided to consider the issues of income tax accounting and throughput forecasting in the context of the Class 2 application.

On 13 January 1993, the Canadian Association of Petroleum Producers ("CAPP") filed a complaint requesting that additional issues be addressed and that a consolidated Class 3 hearing of the Trans Mountain toll application and the application to construct facilities be initiated.

By letter dated 15 January 1993, Trans Mountain opposed CAPP's request.

On 21 January 1993, the Board invited interested parties to comment on the merits of adding the new issues that CAPP had raised to the current proceeding and on CAPP's proposal that Trans Mountain's Class 2 application and the Company's application for refined petroleum facilities be consolidated and dealt with in a Class 3 public hearing. Interested parties had until 28 January 1993 to file their comments.

On 29 January 1993, CAPP replied to the comments filed by other parties.

By letter dated 1 March 1993, the Board ruled on CAPP's complaint. The Board decided against holding an oral hearing. Of the additional issues proposed by CAPP, the Board decided not to consider the issues of rate of return, capital structure and cost debt. However, the Board accepted the issue of Trans Mountain's interim toll refund methodology in the context of the Class 2 proceeding. In denying some of CAPP's requests, the Board expressed the view that CAPP had failed to provide key facts and reasons which allow the Board to determine whether a complaint is *prima facie* meritorious.

On 5 March 1993, the Board advised Trans Mountain that with respect to its proposed toll design for the requested refined petroleum facilities, the Board was of the view that the Company's proposal was consistent with past Board decisions and accordingly found the toll design methodology as proposed to be acceptable. The Board further advised that, should it approve the applied-for facilities, that toll design methodology would be used to set tolls. Further, the Board advised that the manner in which this toll design methodology is to be applied to specific components of the proposed facilities and final tolls for 1993 will be considered within the ambit of the Class 2 toll application.

On 23 March 1993, CAPP filed an application for review of the Board's 1 and 5 March 1993 decisions (refer to item 1 under *Reviews and Appeals, Reviews Under Consideration* on page 6).

6. *Trans-Northern Pipelines Inc. - Class 2 Toll Application*

On 30 November 1992, Trans-Northern applied for approval of a Class 2 toll adjustment and for interim tolls. Trans-Northern applied for a 7.5 percent toll increase and that the existing tolls be made interim effective 1 January 1993. In a letter dated 4 December 1992, Trans-Northern stated that it was in the process of consulting with interested parties with respect to its application.

On 17 December 1992, the Board decided that the existing tolls should be charged on an interim basis effective 1 January 1993. The Board also advised the Company that, in view of the fact that Trans-Northern was consulting with interested parties, it would hold in abeyance further processing of the application pending notification by Trans-Northern of the results of its discussions with interested parties.

On 21 December 1992, Trans-Northern advised the Board that the meeting with interested parties had been held and that

the parties present expressed support for the application.

On 14 January 1993, the Board advised Trans-Northern that it was prepared to proceed with reviewing the application including the proposal to have rate of return dealt with in the context of a Class 2 application.

Interested parties were given until 12 March 1993 to comment on the application and Trans-Northern was given until 26 March 1993 to respond to any comments received.

Finalization of the application has been delayed pending the completion of the Board's review of an application by Trans-Northern for capital additions to be included in the test year rate base (refer to item 11 under *Pipeline Matters* on page 13).

7. *Westcoast Energy Inc. - Pine and Commotion Pipeline Project - Processing Revenue Credit*

In August 1989, the Board approved an application by Westcoast to construct the Pine and Commotion Pipelines to deliver raw gas produced by Texaco Canada Resources to the Pine River Gas Processing Plant in British Columbia. The two pipelines would have totalled 18 kilometres in length and were expected to cost \$3.1 million. The pipelines were to be in service on 1 November 1989. The Board approved the application with the proviso that construction commence by 31 December 1990. For various reasons, the pipelines were not constructed.

By letter dated 26 April 1993, Westcoast informed the Board that it was prepared to file a new application for the construction of the Pine and Commotion Pipeline with an in-service date of 1 November 1993. In its letter, Westcoast sought a determination from the Board allowing Westcoast to include in the calculation of the toll surcharge that would be applicable to the proposed

Pine and Commotion Pipeline Project a processing revenue credit equal to 50 percent of the present value of the processing revenue at the Pine River Plant associated with the volumes to be transported under the proposed facilities. The Board also considered a letter dated 28 April 1993 from B.C. Star Partners, the prospective shipper underpinning the proposed project, in support of Westcoast's application.

On 27 May 1993, the Board decided to consider Westcoast's application by way of written submissions. Interested parties have until 10 June 1993 to comment on the merits of the application and Westcoast has until 17 June 1993 to reply to any comments received.

On 27 May 1993, the Board also sent a letter to Westcoast requesting additional information.

8. *Westcoast Energy Inc. - Liquids Recovery Toll for 1993*

On 10 February 1993, Westcoast applied to amend the allocation units to be used in calculating the 1993 tolls for contract demand liquids recovery service so as to reflect reductions in contract demand requested by four shippers on the Westcoast system.

The Board released the RH-3-92 Reasons for Decisions (refer to item 3 under *Recent Hearing Reports and Decisions* on page 2) in which it ordered that, pending the Board's final disposition of the Company's application regarding liquids recovery, Westcoast shall continue to charge, on an interim basis, the toll for liquids recovery service which has been in effect since 1 January 1993.

On 6 April 1993, the Board decided to consider the application by way of written submissions. Interested parties had until 6 May 1993 to comment on the merits of the application and Westcoast had until 17 May 1993 to reply to any comments received.

The application and the comments received are currently under review.

Electric Power Matters

Matters Completed

1. *Saskatchewan Power Corporation - Estimates of Supply, Demand and Surplus Power and Energy - Licence EL-120*

On 14 April 1993, Sask Power applied, pursuant to a condition in export Licence EL-120, for the approval of its estimates of surplus of power and energy for the operating year May 1993 to April 1994.

The Board approved the estimates on 19 April 1993.

Matters Pending

2. *Electricity Review*

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) encourage greater inter-provincial-cooperation between Canada's electrical utilities; and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

Two discussion papers entitled "Inter-Utility Cooperation" and "Transmission Access and Wheeling" were released on 30 November 1992 to interested parties for comment. Thirty nine responses were received and they are currently under review.

Once the review of the responses is completed, the Board will prepare a report to

the Minister outlining alternative measures that the federal government might consider to encourage increased electricity trade through enhanced inter-utility cooperation, and to facilitate the process by which utility and non-utility generators can gain greater access to interprovincial and international power lines.

3. *Hydro-Québec - Application to Amend Electricity Export Licence EL-169*

On 11 February 1993, Hydro-Québec applied to amend Electricity Export Licence EL-169 to increase the export power limit from 200 megawatts to 520 megawatts and the export energy limit from 1 752 gigawatt hours to 4 555 gigawatt hours. Licence EL-169 authorizes exports to clients in the State of Vermont until 29 February 1996.

On 29 March 1993, the Board decided to give interested parties an opportunity to comment on the application. Interested parties had until 30 April 1993 to file submissions and Hydro-Québec was given until 14 May 1993 to comment on any submissions received.

The comments received are currently under review.

4. *Ontario Hydro - Extend Export Permit EPE-21 to 30 June 2006*

On 10 December 1992, Ontario Hydro applied to extend export permit EPE-21 to 30 June 2006 or for the Board to issue a new permit for the period 1 July 1994 to 30 June 2006.

On 21 January 1993, the Board decided to proceed with the application as an amendment to Permit EPE-21. Accordingly, the Board requested all interested parties to the original application (EW-3-90) to comment on the 10 December 1992 application. Interested parties had until 12 February to comment or make submissions and Ontario Hydro had until 1 March 1993 to reply.

The comments received are currently under review.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* (formerly the *Canada Oil and Gas Production and Conservation Act*) and regulations made thereunder currently appear on the regulatory agenda of the Department of Energy, Mines and Resources. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. Regulatory Initiatives

(a) Canada Oil and Gas Occupational Health and Safety Regulations

An update of the Canada Oil and Gas Occupational Health and Safety Regulations has commenced. At present these Regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operations. After completion of the update and all necessary approvals are received, the Board's pipeline inspectors will apply these Regulations rather than the more general Canada Occupational Safety and Health Regulations.

(b) Guidelines for Frontier Geophysical and Geological Authorizations and Reporting

A document summarizing the Board's Guidelines for Frontier Geophysical and Geological Authorizations and Reporting is in preparation. The Board expects to issue a final document in mid-August 1993.

(c) Offshore Waste Treatment Guidelines and the Guidelines for

the Use of Oil-Based Drilling Muds

On 13 May 1993, the Board initiated a review of the Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil-Based Drilling Muds. The review will be conducted by a joint industry-government group consisting of federal government departments, offshore petroleum boards and oil industry representatives. The Board expects to issue updated guidelines by March 1994.

(d) Physical Environmental Guidelines for Drilling Programs on Frontier Lands

An update of the oceanographic provisions of the Physical Environmental Guidelines for Drilling Programs on Frontier Lands has commenced. The consultation process with industry, other government departments and regulatory agencies, and the independent offshore petroleum boards has been initiated to consider modifications required in response to evolving technologies for measurement of ocean currents and waves.

2. Operations

(a) Advice on Rights Management Issues

The 1993 Call for Nominations for Oil and Gas Rights in the Beaufort Sea - Mackenzie Delta closed on 5 April 1993. No nominations were received.

Advice was given to the Department of Indian and Northern Development on the boundary for the Proven Area at the Norman Wells field, and one application for allowable seismic expenditures from a holder of a Mackenzie Delta - Beaufort Sea licence. A second application from a different licence holder is currently under review.

(b) Applications approved to alter a condition of a well;

Esso Norman Wells H-31X
Imperial Canol B-38X

Application received to alter a condition of a well

Imperial Norman Wells F-28X

(c) Geological/Geophysical

Two seismic programs were completed: 9229-P33-1E for Paramount Resources in the southern Northwest Territories, and 9329-S6-8E in the Mackenzie Delta. Two applications to conduct geological programs and one application for seismic re-processing were received and are currently under review. Two final reports on northern programs were received and reviewed for deficiencies. No deficiencies were found.

(d) Inspections

Abandonment of Panarctic
Drake B-44
Workover of Imperial Canol Goose
Island N-19X

3. Environmental Assessment and Review ("EARP")

EARP screening was completed for Imperial Oil Resources Limited's application for its Norman Wells Development Drilling Program. The finding was that potentially adverse environmental effects are insignificant or mitigable with known technology and that drilling may proceed with mitigation.

4. Production

The pilot project to test the feasibility of increasing oil production by injection of propane started in the Norman Wells field. A meeting with Imperial Oil to assess the initial results of the project is planned for September 1993.

5. *Environmental Studies Research Fund ("ESRF")*

The ESRF Management Board met on 12 May 1993. The Board approved in principle an operating budget of \$130,000 for 1994. No new studies were put forward under this budget. The budget will be submitted to the Ministers of Energy, Mines and Resources and Indian and Northern Affairs for approval in the Fall of 1993. Four reports were published in the ESRF series over the period and a listing of the reports is available from the Secretariat: Telephone (403) 299-3679, Telecopier (403) 292-4192.

6. *Diving*

The Chief Inspector of Diving examined Lasmo's 1993 diving program for the Cohasset location at the request of the Canada Nova Scotia Offshore Petroleum Board. A visit to the platform followed and a recommendation for approval was made. The Chief Inspector of Diving also met with federal and provincial regulators for the purpose of making diving standards and regulations consistent throughout the nation.

Four applications for Category I Diver certification were approved. The Canadian Working Divers Institute of Buckhorn, Ontario requested recognition of its training program as suitable for marine operations. The request is currently under review.

Oil Matter

1. *Licensing Procedures for Long-term Exports of Oil Sands Production*

In a letter to the Board dated 13 May 1993, the Minister of Energy, Mines and Resources stated that his department is participating in a steering committee charged with organizing a national task force on oil sands strategies. He noted that this is a joint government-industry effort to "explore various ways to improve the commercial viability of oil sands production" and that, among other things, the task force would review "the efficiency and effectiveness of the present regulatory process as it impacts on commercial prospects for oil sands and its ability to attract capital".

In this context, the Minister asked the Board to review and report on the regu-

latory mechanisms regarding long-term exports of oil from oil sands development including:

- the status and appropriateness of the current regulatory regime insofar as it applies to oil produced from oil sands developments;
- the process that should be required for an investor to obtain a long-term licence;
- the feasibility of treating oil processed from oil sands differently from conventional oil;
- if a different regime for oil sands were judged appropriate, whether this should apply to new projects only, or to a particular class of projects; and
- any suggestions for changes to the existing legislation and regulations to clarify the process and/or the basis on which regulatory decisions are to be made.

The Board is considering the procedures on how to deal with the request.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. *Onshore Pipeline Regulations*

The Board has under preparation a revised version of the Onshore Pipeline Regulations to incorporate a variety of changes related to the safety of pipelines under the Board's jurisdiction.

The Board expects to issue the draft revisions for comment by interested parties by late 1993.

2. *Offshore Pipeline Regulations*

(Status unchanged. For more details on this matter, see Issue No.45 of the Regulatory Agenda dated 1 March 1993 under Amendments to Regulations, item 2 on page 18.)

3. *Part VI Regulations*

The Part VI Regulations are being amended to reflect the September 1988 Canadian Electricity Policy. The provisions dealing with electricity have been removed from the Part VI Regulations and will be issued separately as Electricity Regulations (see item 4 below). As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see item 5 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the Canada Gazette at which time industry and members of the public will be given 30 days to comment on them. Governor in Council will then be in a position to make the Regulations.

4. *Electricity Regulations*

The Board is currently drafting electricity regulations which will reflect the September 1988 Canadian Electricity Policy.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and a Schedule to the draft Rules of Practice and Procedure, will streamline the Board's operations and will reduce the level of regulation in keeping with the government's more market-based approach to energy policy.

The Board expects to be in a position to issue the draft regulations for comment by interested parties this summer.

5. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing

Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the Canada Gazette at which time industry and the members of the public will be given 30 days to comment on them. The Regulations will then require approval by the Governor in Council.

6. *Pipeline Companies Records Preservation Regulations*

The Board has decided to request that the Minister of Energy, Mines and Resources recommend to the Governor in Council that the above noted Regulations be revoked. These Regulations set out the records companies should preserve and for how long. The Board found that the records to be preserved under these Regulations were also covered in other regulations of the Board.

The Governor in Council approved the revocation of the regulations on 11 May 1993.

7. *Pipeline Crossing Regulations, Parts I and II*

These Regulations, which came into effect in October 1988, establish the conditions under which excavation and construction activities affecting pipelines can be safely conducted by third parties.

In June 1990, Section 112 of NEB Act, which deals with third party crossings, was amended to broaden the scope of the Board's jurisdiction to include all excavation activity within 30 metres of the pipeline right of way.

The Crossing Regulations required some administrative and editorial revisions resulting from the review by the Standing Joint Committee of the Senate

and House of Commons for the Scrutiny of Regulations.

The amendments to the Crossing Regulations were approved by the Governor in Council on 11 May 1993.

8. *Regulations Pertaining to Crossings Involving International Power Lines*

(Status unchanged. For more details on this matter, see Issue No.45 of the Regulatory Agenda dated 1 March 1993 under Amendments to Regulations, item 6 on page 18.)

9. *Regulations Pertaining to Frontier Oil and Gas Activities*

(Status unchanged. For more details on this matter, see Issue No.45 of the Regulatory Agenda dated 1 March 1993 under Amendments to Regulations, item 7 on page 19.)

Rules of Practice and Procedure

The Board is revising its Rules of Practice and Procedure. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board. The schedules which form part of the Rules provide samples of forms.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the Canada Gazette. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the National Energy

Board Act and changes in export regulation.

Interested Parties had until 19 February 1993 to file comments on the proposed changes.

On 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the Canada Gazette.

Administrative Matters

1993/94 Federal Budget - Operating Budget Reductions

On 26 April 1993, the federal government tabled its budget in which it announced reductions in operating budgets for federal departments for the fiscal years 1993 to 1998. The Board will be subject to these reductions and, as a result the Board's operating budget will have to be reduced by approximately 2.4 percent in 1994/95 and 4.0 percent in 1995/96. Final details for the operating budget reductions in future years have yet to be confirmed, but initial indications are that the target will be in the area of 5.5 percent for 1996/97 and 7.0 percent for 1997/98.

For the 1993/94 operating year, the Board had included a voluntary three percent reduction in operating expenses. Therefore, it will not be affected by the announced reductions for that fiscal year.

Speeches

1. *"Incentive Regulation of Pipeline Tolls and Other Rate Regulatory Issues"* prepared by K. Vollman, Member, and presented on his behalf by G. Caron, Director, Financial Regulation to the American Gas Association's Spring Rate Committee Meeting on 15 March 1993 in Calgary, Alberta.

2. *"The NEB and Alberta Oil and Gas - Retrospect and Prospect"* slides of a presentation by R. Priddle, Chairman, to the Petroleum Society of CIM General Meeting on 19 May 1993 in Calgary, Alberta.

Reports and Other Documents Issued

1. Incentive Regulation Workshop - A Summary of Discussion - March 1993. This report provides a summary of discussions of a workshop held in Calgary on 19, 20 and 21 January 1993.
2. Revised Memorandum of Guidance Concerning Early Public Notification of Proposed Applications - 4 March 1993 - This Revised Memorandum of Guidance updates and replaces the original Memorandum of Guidance dated 28 June 1993.
3. Incident Investigation Procedures - 8 March 1993 - This new procedure authorizes the Director of the Board's Pipeline Engineering Branch to request additional incident details from a company. Previously, requests for additional information were made under the signature of the Secretary of the Board.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers


A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters			
(i) Certificates		(iii) Oil Exports	
Pipeline	35	Registered Oil Export Orders	10
Power Line	30		
(ii) Export licences or Permits		(iv) Tolls	
Natural Gas	35	Class I and II Adjustments	20
Electricity	30	Interim Orders	20
(iii) Tolls		Operating and Maintenance Budgets	20
(iv) Land Acquisitions		Changes in Depreciation Rates	20
		Quarterly Surveillance Reports	20
		New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters			
(i) Natural Gas		(v) Pipelines and Power Lines	
Export Orders	05	Exemption Orders Power Lines	15
Orders for Transmission Access	20	Exemption Orders Pipelines	
Licence Amendments	20	(Sec. 58)	20
Amendments to Export Contracts	20	Certificate Amendments	20
Licence Revocations	20	Certificate Revocations	20
(ii) Electricity Exports		Leave to Sell or Transfer	20
		Incident Reports	20
Orders	15		
Licence or Permit Amendments	15	(vi) Other	
Licence or Permit Revocations	15	Application for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	Roland Priddle	299-2724	Manager, Internal Audit	Roy E. Aylett	299-2749
Chairman's Assistant	Esther Binder	299-2725			
Secretary	Carmen Morin	299-2726	Manager, Corporate Planning and Program Evaluation	Ghislaine Joly	299-2750
Vice-Chairman	Jean-Guy Fredette	299-2740			
Secretary	Lillian Handelman	299-2741			
Member	R. Byron Horner	299-2727	Director	Don Emmens	299-3602
Secretary	Mona Butler	299-2728	Secretary	Nelda Ginn	299-3603
Member	A. Boyd Gilmour	299-2733			
Secretary	Mary Lou Scharf	299-2734			
Member	Anita Côté-Verhaaf	299-2739			
Secretary	Deborah Larch	299-2738			
Member	Céline Bélanger	299-2737			
Secretary	Deborah Larch	299-2738			
Member	Roy Illing	299-2729			
Secretary	Mona Butler	299-2728			
Member	Kenneth W. Vollman	299-2730			
Secretary	Mary Lou Scharf	299-2734			
Member Robert Andrew	299-2736				
Secretary	Lillian Handelman	299-2741			

OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Admin. Coordinator	Rita Bargetzi	299-2715
A/Secretary	Stella Peters	299-2712
Asst. Secretary, Regulatory	Vacant	299-2714
Asst. Secretary, Communications	Ann Sicotte	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561
Board Distribution Centre		292-4800
General Information		292-4800

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Finance and Administration Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

Personnel Branch

Director	Jim Thompson	299-3694
Secretary	Sylvie Zurwerra	299-3695

Planning, Audit and Evaluation Branch

Director	Claire Scott	299-2747
Secretary	Francine Poudrette	299-2748

ENERGY REGULATION DIRECTORATE

Director General	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Economics Branch

Director	John Hayward	299-3621
Secretary	Carmen Maier	299-3622

Assistant Director and Manager, Regulatory Economic Division	Glenn Booth	299-3621
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Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166

Assistant Director and Chief, Regulatory	Ivan Harvie	299-3167
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Chief, Generation Planning	Alec Penman	299-3180
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Gas and Oil Branch

Director	Raymond Choy	299-3189
Secretary	Linda Byers	299-3185

Assistant Director and Chief, Transportation and Oil Exports	Hans Pols	299-3195
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A/Chief, Gas Export	Cliff Brown	299-3186
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Financial Regulation Branch

Director	Gaétan Caron	299-3646
Secretary	Janet Soucy	299-3648

Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Vacant	292-5048
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Chief (IPL, TNPI and Cochin)	Dan Grunig	299-3649
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Chief (Westcoast and TMPL)	Albert Fung	299-3662
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Chief (TCPL and IPL(NW))	Steve Brown	299-3653
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ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752

Special Advisor - Diving	Jan Merta	299-2791
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Operations and Safety

Director	Fred Lepine	299-2790
Secretary	Margaret Merta	299-2787
Regional Manager (Yellowknife)	Andy Graw	403-920-8178
Secretary	Jocelyn Ray	403-920-8175

Facilities and Production

Director	Terry Baker	299-2792
Secretary	Karen Befus	299-2789

Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Melanie Gnyp	299-2758

Chief, WEI and IPL	Brenda Kenny	299-2761
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A/Chief, Gas Pipelines East	Paul Trudel	299-2768
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Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
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Chief, Safety	Jake Abes	299-2777
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A/Chief, ANG/Foothills/ NPA	Robert Power	299-2769
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ENVIRONMENT DIRECTORATE

Director General	Dr. Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalf	299-3676

Environment and Lands Branch

Director	Vacant	299-3665
Secretary	Pat Cormier	299-3666

Asst. Director and Chief, Environment	Steve Pierce	299-3668
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Chief, Operational Programs	Gord Higginson	299-3672
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Pollution Control Division

Director	Jim McComiskey	299-3677
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Physical Environment Division

Director Oleh Mycyk 299-3678
Emergency Response and Financial Liability Division

Director Jim Anderson 299-3682

Environmental Studies Research Funds

A/Manager Brian Nesbitt 299-3679

Geology and Resource Assessment Division

A/Chief Bruce Young 299-3147

Operations and Reserves

A/Chief Giles Morrell 299-3117

LAW BRANCH**ENERGY RESOURCES DIRECTORATE**

Director General Graham Campbell 299-3102
 Secretary Carole Gauthier 299-3103
 Admin. Coordinator Ruth Grenville 299-3517

**Crude Oil, NGL
and Coal Supply Division**

Chief Gerrit Hos 299-3120

Natural Gas Supply Division

Chief Paul Bourgeois 299-3149

Reservoir Engineering Division

Chief Cliff Gemeroy 299-3138

General Counsel Judith Snider 299-2703

Assistant General Counsel Richard Graw 299-2705
 Secretary Maureen Cooley 299-2704

Counsel Margery Fowke 299-2708
 Counsel Charles Morin 292-6489
 Counsel Diane Champagne 292-6495
 Secretary Elizabeth Arden 292-6540

Counsel John Syme 299-2709
 Counsel Peter Noonan 299-3552
 Counsel Lori Ann Boychuk 299-2707
 Counsel Judith Hanebury 292-6497
 Secretary Susan Gudgeon 299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canada Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

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CAI
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regulatory Agenda

Issue No. 46

(The period covered in this Regulatory Agenda is 1 June to 31 August 1993)

1 September 1993

Applications Considered by Hearing

Recent Hearing Reports and Decisions

1. *Six Applications for Natural Gas Export Licences - GH-7-92*

Reasons for Decision Volumes 1 and 2 dated June 1993; issued on 15 June and 20 July 1993, respectively.

The Board held a public hearing on 22 and 23 February 1993 in Calgary to consider six applications from five companies for eight licences to export natural gas.

The Board issued licences to Canadian Hydrocarbons Marketing Inc., CanWest Gas Supply Inc., Enron Gas Marketing, Inc., New York Sate Electric & Gas Corporation, Unigas Corporation and Unigas Corporation for the Cities of Burbank, Glendale and Pasadena.

The Board issued eight licences for the export of some 2.3 million cubic metres (80 million cubic feet) of natural gas per day for periods ranging from 3.6 to 15 years. The total volume authorized for export over the term of the licences is approximately 7.2 billion cubic metres (255 billion cubic feet).

The Board conducted, by means of written submission, an environmental screening of the export proposals in compliance with the Environmental

Assessment and Review Process Guidelines Order and concluded that some of the applications fell within the ambit of the Board's Exclusion List and that the other applications would have no potentially adverse environmental effects.

2. *Westcoast Energy Inc. - Pine River Plant and Grizzly Pipeline System GH-1-93*

Reasons for Decision dated June 1993; issued on 25 June 1993.

The Board held a public hearing on 5 and 6 May 1993 in Fort St. John on an application by Westcoast for approval to expand its Pine River Gas Plant and

its Grizzly Pipeline System. The projects are located near Chetwynd, British Columbia.

The Board approved the plant expansion, estimated to cost \$232 million, which will increase the raw gas processing capability of the plant from 7.37 million cubic metres (260 million cubic feet) per day to 15.9 million cubic metres (560 million cubic feet) per day, beginning 1 November 1994. The Board also approved the companion expansion of the upstream Grizzly Pipeline System, estimated to cost \$68 million, which involves the installation of two new gathering lines and two sections of looping totalling about 74.7 kilometres of pipeline.

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National
Energy Board



Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



During the hearing, the Board also considered matters for an environmental assessment under the Environmental Assessment and Review Process Guidelines Order. The Board was of the view that if all conditions regarding the environment discussed in the hearing are met, the potentially adverse environmental effects of the expansion projects, including the social effects directly related to those environmental effects, will be insignificant or mitigable with known technology.

On 24 July 1993, Mr. R.E. Wolf filed an application for leave to appeal to the Federal Court of Appeal (refer to item 4 under *Appeals and Reviews* on page 8).

3. *CanWest Gas Supply Inc. and ProGas Limited - Applications for Natural Gas Export Licences and to Amend an Existing Licence - GH-3-93*

Reasons for Decision dated July 1993; issued on 24 August 1993.

The Board held a public hearing on 28 June 1993 in Calgary on applications from CanWest and ProGas for licences to export natural gas. ProGas also applied to have an existing licence amended.

The Board issued a 20-year licence to CanWest to export up to 300 520 cubic metres (10.6 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The gas will be sold to Klickitat Energy Company and used to fuel a 49.5 megawatt natural gas and wood waste fired combined cycle cogeneration project at Bingen, Washington.

The Board also issued a 10-year licence to ProGas to export up to 2 124 600 cubic metres (75 million cubic feet) of natural gas per day at Emerson, Manitoba. The gas will be sold to Consumers Power Company, a local distribution company, to serve its franchise area in the lower peninsula of Michigan. The Board also amended an existing ProGas licence by reducing the authorized volumes of that licence.

The Board conducted an environmental screening of the applications in compliance with the Environmental Assessment and Review Process Guidelines Order and has concluded that, as there are no new facilities required, the applications fall within the ambit of the Board's Exclusion List.

Hearing Decision Pending

1. *TransCanada PipeLines Limited - Application to Construct Facilities for the 1993/1994 and 1994/1995 Operating Years - GH-2-93*

The Board held a public hearing from 21 to 25 June 1993 in Toronto on an application dated 18 December 1992, amended on 23 March and 28 May 1993, by TransCanada for the installation of new facilities during 1994 and 1995.

In its amended application, TransCanada applied to construct \$397.3 million worth of new facilities, including 164.4 kilometres of new pipeline, 129.2 megawatts of additional compression, two aftercoolers and the upgrade of one compressor unit. The facilities applied for will be used to provide new services totalling 2 million cubic metres (71.8 million cubic feet) of long haul firm service natural gas deliveries and six million cubic metres (211 million cubic feet) of short haul firm service.

As required by the Environmental Assessment and Review Process Guidelines Order, the Board is conducting an initial assessment of the potential environmental effects and the directly related social effects of the proposed additional facilities.

The Board expects to issue its reasons for decision in September 1993.

2. *Foothills Pipe Lines Limited - Tolls - RH-1-93*

The Board held a public hearing from 23 August to 3 September 1993 in Calgary to consider issues relating to the tolls and tariffs of Foothills.

The Board received requests from both the Canadian Association of Petroleum Producers ("CAPP") and the Alberta Petroleum Marketing Commission ("APMC") to hold a public hearing on Foothills' tolls. CAPP and APMC maintain that the currently allowed rate of return on common equity of 12.5 percent is excessive. The Board has not held a full public hearing on Foothills' tolls and tariff matters since 1984.

The Board made the Company's tolls interim on 25 March 1993 in response to complaints from CAPP and APMC. CAPP and APMC have identified several issues they requested be addressed at the toll hearing, including rate of return on common equity, the common equity ratio, and the appropriateness of drawdown of deferred income taxes.

Hearings Scheduled

1. *InterCoastal Pipe Line Inc. and Interprovincial Pipe Lines Inc. - Pipeline Facilities - GH-4-93*

The Board has set down for public hearing, commencing on Monday, 18 October 1993 at 1:00 p.m., in Sarnia, two separate applications from InterCoastal and Interprovincial.

InterCoastal applied for leave to purchase Interprovincial's existing line 8 including the transfer to InterCoastal of the related Certificates and Orders; to convert the existing line 8 from crude oil to natural gas; and for authorization to construct additional facilities. InterCoastal also applied for approval of its tariff for transportation service, toll design and cost allocation methodologies and InterCoastal's interim tolls. Interprovincial applied for authorization to abandon the operation of line 8 as a crude oil pipeline and leave to sell the facilities to InterCoastal.

InterCoastal is part of a proposed larger international natural gas pipeline system known as the InterCoastal Project that would also include natural gas facilities in the United States to be constructed

and operated by ANR Pipeline Company of Detroit, Michigan, and known as the ANR Segment.

The system would have the capacity to transport up to 3.8 million cubic metres (133 million cubic feet) per day of natural gas to markets in eastern Canada and the northeast United States for the period 1 November 1994 to 31 October 1996, and up to 5 million cubic metres (175 million cubic feet) per day thereafter. InterCoastal proposes to be in service by 1 November 1994.

InterCoastal is proposing to convert 209.7 kilometres (130.3 miles) of existing crude oil pipeline currently owned by Interprovincial to natural gas service. The existing pipeline extends from Interprovincial's Sarnia, Ontario terminal to Millgrove Junction in the Regional Municipality of Hamilton-Wentworth. InterCoastal proposes to construct new facilities which include 19.7 kilometres (12.2 miles) of 610 millimetre (24-inch) pipe and related facilities extending from a point of connection with the ANR System at the international border under the St. Clair River to a point of connection with the existing system at Interprovincial's Sarnia Terminal. Also

included in the Sarnia area is a 1.9 kilometre (1.2 mile) 610 millimetre (24 inch) lateral extending from a point approximately 7.4 kilometres (4.6 miles) from the St. Clair interconnection to a point of connection with the gas storage facilities of Tecumseh Gas Storage, a division of The Consumers' Gas Company Ltd. From Millgrove Junction, approximately 22.4 kilometres (13.9 miles) of 508 millimetre (20 inch) pipeline would be constructed to interconnect with The Consumers' Gas distribution system near Oakville.

2. Westcoast Energy Inc. - 1994 Tolls - RH-2-93

The Board will hold a public hearing commencing on Monday, 18 October 1993 at 1:00 p.m. in Vancouver on an application by Westcoast for the approval of 1994 tolls.

Westcoast is requesting an overall toll increase of 1.8 percent over tolls approved for 1993. The company, in estimating its 1994 cost of service, has utilized a rate of return on common equity of 12.75 percent, compared with an approved rate of return of 12.25 percent for 1993. The capital structure utilized

in the application includes a common equity component of 35 percent which is unchanged from that approved by the Board for 1993.

3. Trans Mountain Pipe Line Company Ltd. - 1993 Tolls - RH-3-93

The Board will hold a public hearing commencing on Monday, 29 November at 1:00 p.m. in Richmond, British Columbia on an application by Trans Mountain for the approval of 1993 and 1994 tolls.

At the hearing, the Board will consider the issues of rate of return on common equity, cost of unfunded debt and toll methodology for the facilities related to the transportation of refined products from Edmonton, Alberta to Burnaby, British Columbia. The Board will also consider 1994 revenue requirement and tolls in the hearing.

Trans Mountain has been operating on interim tolls approved by the Board since 1 January 1993.

(Refer to item 2 under *Reviews and Appeals* on page 7 and item 3 under *Traffic and Toll Matters* on page 12.)

Matters Considered by Written Submission

Matters Completed

1. *Inquiry Concerning the Transportation Safety Board ("TSB") Recommendations on Stress Corrosion Cracking ("SCC") in Pipelines and the Reassessment of TransCanada PipeLines Limited's Pipeline Maintenance Program ("PMP") - MHW-1-92*

Report of the Inquiry dated August 1993; issued on 16 August 1993.

The Board conducted an inquiry concerning the TSB's recent recommendations dealing with the problem of external SCC in pipeline transportation systems. The inquiry also dealt with a reassessment of TransCanada's PMP.

The inquiry was held in response to recommendations issued by the TSB regarding two recent pipeline breaks on TransCanada's natural gas transportation system, both of which occurred in Ontario. There were no injuries or fatalities in either incident.

As a result of three earlier pipeline breaks which occurred in 1985 and 1986, also without causing human injury, TransCanada implemented a PMP to investigate and study possible solutions to the SCC problem. Since 1985, the Board has been actively involved in monitoring and inspecting TransCanada's progress and has approved the expenditures related to the PMP.

After implementation of the PMP, no pipeline failures attributable to SCC (with the exception of a leak near Brandon, Manitoba) occurred until December 1991. At that time there was a break on the line near Cardinal, Ontario. The second break on the line occurred near Tunis, Ontario. Both of these breaks occurred in remote areas. None of the breaks associated with SCC have occurred in heavier wall pipe, which is required by NEB regulation for populated areas. The breaks near Cardinal and Tunis were investigated by the TSB which issued recommendations to the Board on 5 November 1992.

Stress corrosion cracking involves a

complex process which can result in the formation of cracks on the surface of a buried pipeline. In severe cases, the pipeline can fail if the cracking goes undetected for several years.

Since the mid 1960s, SCC has been the focus of intensive research in several countries to determine the key factors which cause it. Some of the factors identified to date include the operating pressures and temperatures of the pipeline, the pipe material and coating and the presence of a corrosive environment on the outside surface of the pipe.

The Board, after careful consideration of the TSB's recommendations and the information provided by the inquiry, has concluded that restrictions on operation conditions are not a practical solution to problems caused by the form of SCC found to date in Canadian pipelines. The inquiry found that imposition of arbitrary operating restrictions as recommended by the TSB would not result in any quantifiable improvement in safety and would have substantial negative effects on producers and consumers of natural gas.

The Board believes the evidence provided to the inquiry demonstrates that SCC is not a widespread problem in Canada and that where it exists on federally-regulated pipelines, the problem is being managed in a responsible fashion. In particular, the Board considers that TransCanada has expended an appropriate level of effort and resources in the continuing development and implementation of its pipeline maintenance program to address the safety risk posed by SCC. The program includes hydrostatic retesting, investigative excavations and inspection, and selective pipe replacements and is supported by an extensive research program.

The Board has been carefully monitoring SCC on the TransCanada system since it was first identified in 1985 and will continue to follow developments with respect to SCC research and detection and repair techniques and will be

prepared to institute such measures as necessary to ensure public safety.

2. *Generic Rate of Return on Equity Proposal*

In January 1993, a three day workshop was held to seek industry views on the possible and practical alternatives to the traditional cost of service method of regulating pipelines under the Board's jurisdiction. A number of proposals discussed at the workshop are now being examined by the Board. The Board agreed with those parties who suggested that the return on equity determination process could be streamlined. In May 1993, the Board issued a discussion paper outlining a possible approach to a generic determination of rate of return on equity.

On 20 July 1993, after reviewing submissions and reply comments from interested parties, the Board decided that it was clear that the interested parties had divergent views on the issue of whether and how to implement a generic return on equity hearing. The Board was of the view that, to be effective, a generic return on equity hearing would require a large degree of consensus among the interested parties. Given the absence of consensual support for a generic approach to establishing rate of return, the Board will not be proposing to hold a generic rate of return hearing at this time. The Board will be setting down toll applications for hearing in the usual way.

Matters Under Consideration

3. *Alberta and Southern Gas Co. Ltd. ("A&S"), Pacific Gas Transmission Company ("PGT"), Pacific Gas and Electric Company ("PG&E") and Alberta Natural Gas Company Ltd. ("ANG") - Orders Terminating Restriction of Exports to Northern California - GH-R-1-92*

A&S, PGT, PG&E and ANG, collectively referred to as the Applicants, have applied for orders terminating two orders of the Board which restrict exports to Northern California.

Following a public hearing held in February and March 1992, the Board, on 24 June 1992, announced that it was taking measures to counteract the detrimental effects on the Canadian public interest of regulatory decisions of the California Public Utilities Commission ("CPUC"). The Board expressed its concern that these decisions could undermine existing long-term commercial arrangements under which Canadian producers supply gas to Northern California.

At that time the Board issued orders to:

- immediately vary all short-term export orders to add a condition that precludes exports at Kingsgate and Huntingdon, British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by A&S for sale to PGT; and

- immediately suspend interruptible transportation service for the delivery of gas to the Kingsgate, British Columbia, export point and the assignment provisions of ANG's Gas Transportation Service Document.

Those orders have had the effect of preventing the displacement of the long-term gas supply of A&S and its producers to Northern California. The Board decided to implement those measures pending the restructuring of existing long-term contractual arrangements and until all necessary regulatory approvals are in place for such new arrangements.

The application states that all affected parties have been negotiating a restructuring of the existing contractual arrangements and that the negotiations have resulted in a Decontracting Plan

that has been agreed to by A&S, PGT and PG&E and a large majority of the producers selling to A&S. The Decontracting Plan will result in the commercial restructuring of gas sales transactions between Canadian gas suppliers and California purchasers. Implementation of the Decontracting Plan is proposed to be effective 1 November 1993.

The Applicants further stated that the termination of the Board's orders and the granting of certain collateral and related relief by the Board effective 1 November 1993, is a condition to the Decontracting Plan becoming effective.

Interested parties have until 29 September 1993 to file submissions regarding the application.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

1. Foothills Pipe Lines (Yukon) Ltd.
 - Application dated 29 June 1979 for a certificate to construct the Dempster lateral.
2. Polar Gas Ltd.
 - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta.
3. Mobil Oil Canada Ltd., Petro-Canada Inc., Texaco Canada Resources Ltd. and Nova Scotia Resources (Ventures) Limited
 - Applications dated 17 July 1985 to export natural gas (Venture Project).
4. Foothills Pipe Lines Ltd.
 - Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline.

Under Consideration

5. TransCanada PipeLines Limited
 - Application dated 8 July 1993 for 1994 Tolls.
6. Interprovincial Pipe Line Inc.
 - Application dated 24 June 1993 for approval to construct \$258.2 million worth of pipeline expansion facilities during 1994.

Reviews and Appeals

Reviews

Matters Completed

1. *Canadian Association of Petroleum Producers ("CAPP") - TransCanada PipeLines Limited - RH-2-92*

In a letter dated 28 June 1993, the Board denied an application by CAPP for a review of, and changes to, the Board's decisions regarding TransCanada PipeLines' 1993 Toll Application.

On 6 May, CAPP filed an application with the Board requesting the review and changes to the Reasons for Decision (RH-2-92) regarding TransCanada's deemed common equity ratio and rate of return on common equity. In the application CAPP said "that the Board failed to provide full, fair and complete reasons that are necessary to facilitate efficient, focused and cost-effective pipeline regulation on an on-going basis in accordance with developing NEB regulatory policy". CAPP also said that "in reaching its RH-2-92 decisions on the appropriate deemed common equity ratio and rate of return on common equity for TransCanada, the Board erred in law or jurisdiction by overlooking important issues, important evidence, or the real significance of either".

In denying the application, the Board was of the view that its Reasons for Decision on the common equity ratio and rate of return demonstrate that it considered the evidence and issues advanced by CAPP and that it took them into consideration in making its determination on both issues. Regarding the issue of whether the Board erred in law or jurisdiction, the Board says that in its view, its reasons must make it clear that it was aware and considered all of the evidence and issues raised by the parties. However, they need not address each issue or sub-issue raised by each party to a proceeding and describe in minute detail the reasoning process the Board followed in resolving those issues or sub-issues.

2. *Canadian Association of Petroleum Producers ("CAPP") - Trans Mountain Pipe Line Company Ltd.*

By application dated 22 March 1993, CAPP applied for a review and reversal of the Board's decisions dated 1 and 5 March 1993 regarding Trans Mountain's Class 2 Toll Application dated 16 September 1992 (refer to Item 3 under *Traffic and Toll Matters* on page 12). CAPP requested immediate stay of the current proceedings until the Application for Review has been considered and ruled on by the Board.

In its Decision of 1 March 1993, the Board denied the relief requested in CAPP's complaint with respect to Trans Mountain's Class 2 Toll Application. In its Decision of 5 March 1993, the Board approved a toll design for certain of Trans Mountain's facilities. In its Application for Review, CAPP stated that in its decisions the Board had expressed views and taken actions which in CAPP's view, are contrary to the Board's regulatory mandates as established by the Board's governing legislation and, therefore, constitute an error of law and/or justice.

On 14 April 1993, the Board decided to conduct a one-step review of its decisions. Interested parties were invited to comment on whether or not the Board should convene a Class 3 hearing to consider, inter alia, the issues identified by the Board in a letter dated 18 December 1992 and the issues raised by CAPP in a letter dated 13 January 1993. Trans Mountain and interested parties had until 27 April 1993 to file comments and CAPP had until 4 May 1993 to reply to any comments received.

The Board received letters of comment from the Alberta Petroleum Marketing Commission, Chevron Canada Limited, Petro-Canada and Trans Mountain. In its submission, Trans Mountain took issue with the Board's decision to conduct a one-step review of its 1 and 5

March 1993 decisions; addressed the merits of CAPP's error of law ground for review; and raised a procedural objection to the Board considering certain evidence filed as part of CAPP's review application.

On 21 May 1993, the Board advised Trans Mountain that it had decided as follows:

- it did not err in deciding to conduct a one-step review in connection with CAPP's application;
- it was not prepared to reverse its 1 and 5 March 1993 decisions on the basis of the error of law and/or jurisdiction grounds advanced by CAPP;
- it would consider the "evidence" which CAPP had included with its review application;
- it would provide Trans Mountain with an opportunity to address the merits of CAPP's evidence; and
- it would reverse its 5 March 1993 decision and provide CAPP and interested parties with an opportunity to comment on the general principles of toll design which should apply to the above-referenced Trans Mountain facilities.

The Board gave Trans Mountain until 31 May 1993 to comment on CAPP's second ground for review (CAPP's evidence) and CAPP was given until 4 June 1993 to reply to any comments received from Trans Mountain. With respect to Trans Mountain's proposed tolling methodology for the refined petroleum product facilities, the Board gave interested parties until 31 May 1993 to file comments and Trans Mountain was given until 4 June 1993 to reply to any comments received.

On 16 July 1993, the Board decided to grant CAPP's request for review, direct Trans Mountain to file a Class 3 Toll

Application and to hold a public hearing. The Board further decided that a number of issues should be addressed during the public hearing including, cost of capital, toll methodology and income tax accounting. (Refer to item 3 under *Hearings Scheduled* on page 3.)

3. CNG Transmission Corporation - Application for Review and Stay of the Board's Decision Waiving and/or Releasing the Blackhorse Extension from Certain Conditions in a Board Order

On 30 June 1993, the Board denied an application dated 23 June 1993 by CNG for Review and Stay of the Board's Decision Waiving and/or Releasing the Blackhorse Extension from conditions 8 and 9 of Board Order XG-23-92. The Board determined that CNG had not established a prima facie case that the Board erred in law or jurisdiction in its consideration of the TransCanada Application for Release of Construction dated 13 April 1993, and in reaching its decision dated 10 June 1993 to waive and/or release the Blackhorse Extension from conditions 8 and 9 of Order XG-23-92.

In an application dated 13 April 1993, TransCanada PipeLines Limited requested, inter alia, an order of the Board releasing facilities listed in its application from conditions 8 and 9 of Board Order XG-23-92 which provide:

8. Unless the Board otherwise directs, TransCanada shall, prior the commencement of construction of the additional facilities, demonstrate to the Board's satisfaction that:...

(2) with respect to the transportation of new firm volumes on the TransCanada system:

(a) transportation contracts have been executed: ...and

(c) gas supply contracts have been executed.

9. TransCanada shall file with the Board, at least 10 days prior to the commencement of construction, RG&E's (Rochester Gas and Electric) gas supply contracts underpinning the initial 4 433 103m³/d (156.5 MMcf/d) of contracted transportation service on TransCanada.

On 10 June 1993, the Board "waived and/or released" certain facilities from the requirements of conditions 8 and 9 of Order XG-23-92.

On 23 June 1993, CNG filed an application for review of the Board's decision and requested a stay of the Board's decision pending the outcome of the application for review. CNG submitted that conditions 8 and 9 of Order

XG-23-92 had not been met in respect of their material intent concerning the transportation and gas supply contracts of RG&E. CNG stated that, if condition 9 was waived, the record does not reflect that TransCanada sought relief from full compliance with the conditions and that no justification had been presented for such relief. CNG suggested that the Board's discretion to waive conditions must be exercised fairly and objectively, having regard to the evidence before the Board and the substantive intent of such conditions and that the Board's failure to meet these legal standards constitutes an error of law. According to CNG, the Board had also erred in law in failing to afford all parties to the original Blackhorse proceeding (GH-R-1-92) a fair opportunity to comment on its decision to release the Blackhorse facilities from conditions 8 and 9 of Order XG-23-92 or to waive such conditions.

**Matters
Under Consideration**

4. TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993

(Refer to item 3 under *Appeals* on page 8.)

The Board is conducting a review, by means of written submission, on an application dated 23 April 1993 by TransGas for a review of the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15-kilometre long pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under Pipeline Matters on page 10.) TransGas sought the review on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

5. F. & V. Energby Co-operative Inc. - TransCanada PipeLines Limited - Assignment and Diversions

On 26 August 1993, F&V file an application for review and for the rescission of the Board's decision dated 22 July 1993 regarding TransCanada's diversion policy (refer to item 2 under *Traffic and Toll Matters* on page 12).

The reasons stated by F&V for the review are as follows:

- (a) F&V had no notice that the Board would make a decision on the assignment and diversions issues without a hearing;
- (b) TransCanada had not responded to F&V's interrogatories dated 5 September 1992 regarding assignment and diversions; and
- (c) F&V had no opportunity to exercise the right to be heard on the issues of assignments and diversions, because the Board rendered its decision ex parte.

The application is under consideration.

Appeals

Appeals Pending

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

The Supreme Court will hear this case beginning on 13 October 1993.

(For details on this case, please refer to Issue No. 42 of the Regulatory Agenda dated 1 September 1992.)

2. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 19 April 1993.

3. *TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993*

(Refer to item 4 under *Reviews* above)

On 26 March 1993, TransGas applied to

the Federal Court of Appeal for leave to appeal the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15-kilometre long pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under *Pipeline Matters* on page 10.) TransGas sought the appeal on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

TransGas also applied to the Board for a review of its decision.

The appeal is being held in abeyance until the Board has completed its review.

4. *R. E. Wolf - Application For Leave to Appeal the Board's Order XG-W5-28-93 Issued to Westcoast Energy Inc. - Pine River Gas Plant and Grizzly Pipeline System - GH-1-93*

On 24 July 1993, Mr. R. E. Wolf filed an application in the Federal Court of Appeal for leave to appeal the Board's Order No. XG-W5-28-93 issued to Westcoast in June 1993 approving the expansion of its Pine River Gas Plant and Grizzly Pipeline System situated in northeastern British Columbia. (Refer to item 2 under *Recent Hearing Reports and Decision* on page 1.)

In brief, the grounds for appeal are:

- (a) a breach of natural justice occurred as the application proceeded without adequate notice and while

incomplete;

- (b) the Board erred in finding it had complied with section 16 of the *Environmental Assessment Review Process Guidelines Order* (s. 16 states "The initiating department, in consultation with the Office (Federal Environmental Review Office), shall establish written procedures to be followed in order to make a determination under section 12 and shall provide the Office on a regular basis, with information, on its implementation of the Process with respect to the proposals for which it is the decision making authority.");

- (c) the Board erred in making a section 12 (c) finding under the *EARP Guidelines Order* (s. 12(c) states "the potentially adverse environmental effects that may be caused by the proposal are insignificant or mitigable with known technology, in which case the proposal may proceed or proceed with mitigation, as the case may be."); and

- (d) the Board erred in finding there was no public concern about Westcoast's application.

The Board is currently awaiting the decision of the Federal Court of Appeal on the application for leave to appeal.

Other Applications

The Board has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 June 1993 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *Canadian Hydrocarbons Marketing Inc. - Assignment and Amendment of Gas Purchase Contracts - Natural Gas Export Licence GL-131*

On 4 November 1992, Canadian Hydrocarbons applied for approval of four Assignment and Amendment of Gas Purchase Contracts dated 30 September 1991 which amend the Kingsgate Gas Sales Agreement dated 23 September 1960, under which Canadian Hydrocarbons sells gas to Northwest Pipeline Corporation at Kingsgate, British Columbia under Licence GL-131. By letter dated 14 June 1993, Canadian Hydrocarbons suggested that Licence GL-131 be replaced with four new licences.

On 30 June 1993, the Board approved the four Assignment and Amendment of Gas Purchase Contracts, the revocation of Licence GL-131 and the issuance of four new licences.

The new licences require Governor in Council approval before they may take effect.

2. *Imperial Oil Resources Limited ("IORL") and Imperial Oil Resources ("IOR") - Transfer and Extend the Sunset Clause of Natural Gas Export Licence GL- 151*

On 9 August 1993, IORL and IOR, in a joint application, applied for approval to transfer Licence GL-151 from Esso Resources Canada Limited ("ERCL") to IORL, in its capacity as a general and the managing partner of IOR and to extend the sunset clause in the Licence from 1 November 1993 to 1 November 1994.

Effective 2 July 1992, ERCL and Esso Resources Canada legally changed their names to IORL and IOR, respectively. Therefore, in order for Licence GL-151 to accurately reflect the capacity in which IORL is holding the Licence and to formally recognize the change in IORL's name from ERCL to IORL, the joint applicants are requesting an order from the Board authorizing the transfer of Licence GL-151 from ERCL to IORL. The applicants also requested the extension of the sunset clause in the Licence so as to complete contract amendments.

The Board approved the application on 26 August 1993.

3. *KannGaz Producers Ltd. - Contract Amendments - Natural Gas Export Licence GL-77*

On 5 February 1993, KannGaz applied for approval of the following:

1. a Natural Gas Purchase and Sales Agreement dated 15 June 1992 between KannGaz and Orange and Rockland Utilities, Inc.;
2. an Amending Agreement dated 25 June 1992 to the 1 November 1987 Gas Sales Contract between KannGaz and Tennessee Gas Pipeline Company underpinning exports under Licence GL-77;
3. an Amending Agreement dated 20 October 1992 to the 1 November 1987 Gas Sales Contract between KannGaz and Tennessee underpinning exports under Licence GL-77; and

4. a Gas Purchase Agreement dated 15 June 1992 between Wes Cana Energy Marketing (U.S.) Inc. and Orange and Rockland.

Licence GL-77 authorizes sales to Tennessee for use as system supply in eastern and midwestern United States markets.

On 30 June 1993, the Board decided that approval of the Gas Purchase Agreement between Wes Cana and Orange and Rockland was not required as the agreement does not amend the 1987 agreement between KannGaz and Tennessee. The Board approved the other three agreements. The Board further decided to issue a new licence for the exports to Orange and Rockland and to reduce the volumes authorized by Licence GL-77 by an amount corresponding to those authorized in the new licence.

The new licence and the amendments to Licence GL-77 require Governor in Council approval before they may take effect.

4. *Pawtucket Power Associates Limited Partnership - Contract Amendment - Natural Gas Export Licence GL-149*

On 1 June 1993, Pawtucket applied for approval of an Amending Agreement dated 30 April 1993 to its Gas Purchase Agreement dated 6 April 1989 underpinning exports under Licence GL-149. Licence GL-149 authorizes exports to Pawtucket to fuel a cogeneration plant in Pawtucket, Rhode Island.

The Board approved the application on 17 June 1993.

5. *Shell Canada Limited, Husky Oil Operations Ltd. and Poco Petroleum Ltd. - Contract Amendments - Natural Gas Export Licences GL-119, GL-113 and GL-117*

By applications dated 29 July 1992 (Shell), 14 June 1993 (Husky) and 24 June 1993 (Poco) the three companies as

sellers applied for the approval of amendments to the Gas Purchase Agreements dated 18 May 1988, 31 August 1988 and 29 April 1988 with Consumers Power Company underpinning exports under Licences GL-119, GL-113 and GL-117. The gas exported under the licences is used as system supply for resale in Consumers' franchise area in Michigan's lower peninsula.

The Board approved the applications on 5 August 1993.

Matters Pending

6. Export Impact Assessment ("EIA")

The intent of the EIA is to allow the Board to determine whether a proposed natural gas export is likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

On 3 June 1993, the Board released a summary of discussion of a one day workshop it held on 1 April 1993 in Calgary on the EIA. The workshop was initiated to discuss the approach taken, the main assumptions and issues that arise in the EIA analysis.

The workshop discussion indicated that a number of aspects of the analysis and process should be re-examined. Consequently, in a letter to interested parties in late August 1993, the Board proposed two changes to the way in which it will conduct the EIA analysis. Comments on those proposals were requested for 7 October 1993.

Pipeline Matters

Matters Completed

1. Interprovincial Pipe Line (NW) Ltd. - Revised Oil Temperature Limitations

On 19 May 1993, Interprovincial (NW) notified the Board of its intent to adopt revised temperature limitations for the

receipt of oil from Imperial Oil Resources. The oil was chilled and shipped from Norman Wells at approximately -10 Celsius throughout the year. Interprovincial (NW) proposed to discontinue chilling during the summer due to the cost of chilling the oil at that time of the year.

On 4 June 1993, the Board directed Interprovincial (NW) not to revise the oil temperature limitations on its pipeline until such time as the Board had further reviewed the proposal, and was satisfied that it was in the public interest and would not jeopardize the environment or the integrity of the pipeline.

The Board sought comments from interested parties on the proposal.

On 29 July 1993, the Board accepted Interprovincial (NW)'s proposal to revise oil temperature limitations, and issued Order MO-19-93 which contains a number of conditions respecting the monitoring of certain slopes.

2. Petroleum Transmission Company - Propane Release at Winnipeg Terminal Station

On 23 November 1992, the Transportation Safety Board ("TSB") released its report on the accidental release of propane at Petroleum Transmission Company's Winnipeg Terminal Inlet Meter Station which occurred on 29 September 1990.

As a result of its investigation, the TSB recommended that "the National Energy Board conduct an operational audit of pipelines under its jurisdiction with a view to ensuring that configurations similar to that of the Winnipeg Terminal include adequate safety systems to protect against abnormal pressure buildups and leaks".

Also, the TSB issued a pipeline Safety Advisory on 19 February 1993. That Advisory was the result of an accidental release of high vapour pressure product on two separate occasions at the Edmonton Terminal of Interprovincial

Pipe Line Inc. The advisory suggested "...the NEB may wish to consider confirming that the situation extant at IPL's Edmonton Terminal on 18-19 Nov 1992 is not present elsewhere in the federally regulated pipeline system."

On 18 March 1993, the Board informed the TSB that the suggestion in the Safety Advisory would be incorporated into the operating audit and report for Petroleum Transmission's incident in Winnipeg.

The Board completed its analysis of responses to a detailed information request from all pipelines under its jurisdiction regarding the existence of similar facilities.

The conclusions of the operational audit of pipelines under the jurisdiction of the Board are found in a report entitled "Report on Operational Audit of Pressure Relief Devices on High Vapour Pressure Pipelines" dated June 1993.

3. Shell Canada Products Limited - Sale of Four Pipelines

On 6 March 1992, Shell applied for approval to sell a primary and three spare pipelines to SCL Pipelines Inc. all 168.3 millimetres in diameter and approximately 700 metres long. These pipelines cross the international boundary in the centre of the St. Clair River near Corunna, Ontario. In the same application, SCL applied for approval to purchase the pipelines.

The Board approved the application on 4 June 1993.

4. Trans-Northern Pipelines Inc. - Application for Approval of 1993 Capital Projects

On 30 November 1993, Trans-Northern applied for approval of capital projects for 1993. The application included 19 projects totalling \$5 761 000.

On 20 May 1993, the Board approved part of the application totalling \$3 821 000. On the same date the Board sent a letter

to Trans-Northern requesting additional information on the remainder of the application. On 8 June 1993, the Board approved another part of the application totalling \$50 000. On 30 June 1993, the Board approved the remainder of the projects totalling \$940 000. (Refer to item 4 under *Traffic and Toll Matters* on page 13.)

5. Documentation Audit Reports

On 30 June and 5 August 1993, the Board adopted Documentation Audit Reports for Westcoast Energy Inc. and Trans-Northern Pipelines Inc., respectively.

6. Various Construction Projects

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the dates of approval, the approximate value of the approved projects and the order numbers.

Gas Pipeline Orders

Centra Transmission Holding Inc.
Approved on 1 June 1993
Estimated Cost: \$12 090
Order Number: XG-C293-26-93

TransCanada PipeLines Limited
Approved on 23 July 1993
Estimated Cost: \$292 000
Order Number: XG-T1-34-93

TransCanada PipeLines Limited
Approved on 26 July 1993
Estimated Cost: \$948 000
Order Number: XG-T1-36-93

TransCanada PipeLines Limited
Approved on 23 August 1993
Estimated Cost: \$36 000
Order Number: XG-T1-39-93

TransCanada PipeLines Limited
Approved on 20 August 1993
Estimated Cost: \$340 000
Order Number: XG-T1-40-93

TransCanada PipeLines Limited
Approved on 16 July 1993
Order Number: AO-1-XG-T1-23-93
(Amendments to Order XG-T1-23-93)

Westcoast Energy Inc.
Approved on 24 June 1993
Estimated Cost: \$10 400 000
Order Number: XG-W5-24-93

Westcoast Energy Inc.
Approved on 24 June 1993
Estimated Cost: \$480 000
Order Number: XG-W5-30-93

Westcoast Energy Inc.
Approved on 24 June 1993
Estimated Cost: \$2 026 000
Order Number: XG-W5-31-93

Westcoast Energy Inc.
Approved on 16 July 1993
Estimated Cost: \$1 229 000
Order Number: XG-W5-32-93

Westcoast Energy Inc.
Approved on 27 August 1993
Estimated Cost: \$1 229 000
Order Number: AO-1-XG-W5-32-93
(Replaces Schedule "A" to Order XG-W5-32-93)

Westcoast Energy Inc.
Approved on 16 July 1993
Estimated Cost: \$1 782 000
Order Number: XG-W5-33-93

Westcoast Energy Inc.
Approved on 29 July 1993
Estimated Cost: \$3 938 000
Order Number: XG-W5-35-93

Westcoast Energy Inc.
Approved on 16 July 1993
Estimated Cost: \$9 990 000
Order Number: AO-1-XG-52-92
(Replaces Schedule "A" to Order XG-52-92)

Oil Pipeline Orders

Amoco Canada Petroleum Company
Ltd. on behalf of
Dome NGL Pipeline Ltd.

Approved on 5 August 1993
Estimated Cost: \$1 700 300
Order Number: XO-D7-25-93

Amoco Canada Petroleum
Company Ltd. on behalf of Dome
NGL Pipeline Ltd. and Amoco Canada
Approved on 5 August 1993
Estimated Cost: \$1 057 000
Order Number: XO-D56-26-93

Amoco Canada Petroleum
Company Ltd. on behalf of
the Ethane Shippers Joint Venture.
Approved on 11 August 1993
Estimated Cost: \$571 000
Order Number: XO-E83-30-93

Cochin Pipe Lines Ltd.
Approved on 11 August 1993
Estimated Cost: \$100 000
Order Number: XO-C18-29-93

Interprovincial Pipe Lines Inc.
Approved on 4 June 1993
Estimated Cost: \$440 000
Order Number: XO-J1-19-93

Cochin Pipe Lines Ltd.
Approved on 30 June 1993
Estimated Cost: \$2 145 000
Order Number: XO-C18-24-93

Interprovincial Pipe Lines Inc.
Approved on 16 July 1993
Estimated Cost: \$5 170 000
Order Number: XO-J1-27-93

Interprovincial Pipe Lines Inc.
Approved on 27 July 1993
Estimated Cost: \$472 000
Order Number: XO-J1-28-93

Murphy Oil Company Ltd. on behalf of
Wascana Pipe Line Ltd.
Approved on 17 June 1993
Estimated Cost: \$570 000
Order Number: XO-W23-20-93

Trans Mountain Pipe Line
Company Ltd.
Approved on 24 June 1993
Estimated Cost: \$405 500
Order Number: XO-T4-10-93

Trans-Northern Pipelines Inc.
Approved on 30 June 1993
Estimated Cost: \$1 940 000
Order Number XO-T2-23-93

Matter Pending

7. *TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario*

On 9 December 1992, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally regulated pipelines can be quickly and safely isolated."

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis. Responses to the Board's information request were due on 19 June 1993 and the Board expects to complete its analysis by 30 September 1993.

Traffic and Toll Matters

Matters Completed

1. *Interprovincial Pipe Line Inc. - 1992 Depreciation Study*

On 25 February 1993, Interprovincial filed its 1992 Depreciation Study for approval. On 7 May 1993, Interprovincial requested that the Board issue its decision with respect to the Depreciation Study by 15 August 1993.

On 4 June 1993, the Board decided that the Depreciation Study represented a

departure from principles previously approved by the Board and would prefer that it be evaluated in a Class 3 proceeding. Accordingly, the Board decided to defer consideration of the Study and directed Interprovincial to include the Study as part of its next toll application. In the event that Interprovincial does not file a toll application by 30 September 1993, the Board will determine what procedure should be adopted to consider the Depreciation Study.

2. *TransCanada PipeLines Limited - Diversions*

On 3 and 18 June 1992, Consumers Packaging Inc. and W. Fruehauf Consulting Limited, on behalf of Beaver Wood Fibre Company, applied to the Board for relief in respect of TransCanada's decision to curtail certain diversions on its system. As the issues raised in those applications were tariff related, the Board decided to add the issue of diversions to the list of issues to be considered in TransCanada's 1993 tolls case (RH-2-92). Prior to the hearing, TransCanada, on behalf of the 1993 Tolls Task Force, requested that the Board defer consideration of this issue until the Spring of 1993, at which time it would file a report detailing the proceedings and resolutions of the 1993 Tolls Task Force Diversion Sub-Committee. On 18 September 1992, the Board decided to defer consideration of the issue until the Spring of 1993.

After having reviewed the 1993 Tolls Task Force-Diversion Sub-Committee's final report, the Board decided to allow interested parties an opportunity to comment on the report's recommendations. Interested parties had until 11 June 1993 to comment, and TransCanada had until 18 June 1993 to reply to any comments received.

On 22 July 1993, the Board approved TransCanada's new diversion policy and decided to rescind its interim order of 10 August 1992 directing TransCanada

to allow Consumers Packaging and Beaver Wood Fiber access to Inter-Parkway belt diversions and to provide both companies with the option to make such diversions.

3. *Trans Mountain Pipe Line Company Ltd. - Class 2 Toll Application for 1993*

(Refer to item 3 under *Hearings Scheduled* on page 3 and item 2 under *Reviews and Appeals* on page 6.)

On 16 September 1992, Trans Mountain filed a Class 2 toll application seeking approval of revised tolls to take effect 1 January 1993. Trans Mountain sought a toll increase of approximately 10 percent. The Company requested that if the Board was not able to render its decision on a final basis prior to 1 January 1993, the tolls applied for be approved on an interim basis.

Trans Mountain informed the Board that it expected to prepare and file an amendment to the application in November 1992 in conjunction with an application to construct facilities associated with the transportation of refined products from Edmonton to Burnaby.

On 1 October 1992, the Board decided that it was not prepared to proceed further with the application until the information concerning the impact of the planned facilities mentioned above was incorporated in the Company's application for 1993 tolls.

On 1 December 1992, Trans Mountain amended its application. As a result of higher forecast throughputs contained in the amended application, the estimated toll increase was reduced to 7.5 percent. The Company requested that the applied-for tolls be made interim effective 1 January 1993.

On 18 December 1993, the Board approved Trans Mountain's request to make the applied-for tolls interim effective 1 January 1993. As well, the Board

decided to consider the issues of income tax accounting and throughput forecasting in the context of the Class 2 application.

On 13 January 1993, the Canadian Association of Petroleum Producers ("CAPP") filed a complaint requesting that additional issues be addressed and that a consolidated Class 3 hearing of the Trans Mountain toll application and the application to construct facilities be initiated.

By letter dated 15 January 1993, Trans Mountain opposed CAPP's request.

On 21 January 1993, the Board invited interested parties to comment on the merits of adding the new issues that CAPP had raised to the current proceeding and on CAPP's proposal that Trans Mountain's Class 2 application and the Company's application for refined petroleum facilities be consolidated and dealt with in a Class 3 public hearing.

By letter dated 1 March 1993, the Board ruled on CAPP's complaint. The Board decided against holding an oral hearing. Of the additional issues proposed by CAPP, the Board decided not to consider the issues of rate of return, capital structure and cost of debt. However, the Board accepted the issue of Trans Mountain's interim toll refund methodology in the context of the Class 2 proceeding. In denying some of CAPP's requests, the Board expressed the view that CAPP had failed to provide key facts and reasons which allow the Board to determine whether a complaint is *prima facie* meritorious.

On 5 March 1993, the Board advised Trans Mountain that with respect to its proposed toll design for the requested refined petroleum facilities, the Board was of the view that the Company's proposal was consistent with past Board decisions and accordingly found the toll design methodology as proposed to be acceptable. The Board further advised that, should it approve the applied-for

facilities, that toll design methodology would be used to set tolls. Further, the Board advised that the manner in which this toll design methodology is to be applied to specific components of the proposed facilities and final tolls for 1993 will be considered within the ambit of the Class 2 toll application.

On 22 March 1993, CAPP filed an application for review of the Board's 1 and 5 March 1993 decisions.

4. *Trans-Northern Pipelines Inc. - Class 2 Toll Application*

On 30 November 1992, Trans-Northern applied for approval of a Class 2 toll adjustment and for interim tolls. Trans-Northern applied for a 7.5 percent toll increase and that the existing tolls be made interim effective 1 January 1993. In a letter dated 4 December 1992, Trans-Northern stated that it was in the process of consulting with interested parties with respect to its application.

On 17 December 1992, the Board decided that the existing tolls should be charged on an interim basis effective 1 January 1993. The Board also advised the Company that, in view of the fact that Trans-Northern was consulting with interested parties, it would hold in abeyance further processing of the application pending notification by Trans-Northern of the results of its discussions with interested parties.

On 21 December 1992, Trans-Northern advised the Board that the meeting with interested parties had been held and that the parties present expressed support for the application.

On 14 January 1993, the Board advised Trans-Northern that it was prepared to proceed with reviewing the application including the proposal to have rate of return dealt with in the context of a Class 2 application.

Interested parties were given until 12 March 1993 to comment on the application and Trans-Northern was given

until 26 March 1993 to respond to any comments received.

Finalization of the application had been delayed pending the completion of the Board's review of an application by Trans-Northern for capital additions to be included in the test year rate base (refer to item 4 under *Pipeline Matters* on page 10).

The Board issued its decision on this matter on 19 August 1993. The Board approved an average increase in tolls of 8.5 percent. The Board also approved an 11.75 percent rate of return on common equity, a decrease from the 12.5 percent rate proposed by Trans-Northern in its revised application.

5. *Westcoast Energy Inc. - Pine and Commotion Pipeline Project - Processing Revenue Credit*

In August 1989, the Board approved an application by Westcoast to construct the Pine and Commotion Pipelines to deliver raw gas produced by Texaco Canada Resources to the Pine River Gas Processing Plant in British Columbia. The two pipelines would have totalled 18 kilometres in length and were expected to cost \$3.1 million. The pipelines were to be in service on 1 November 1989. The Board approved the application with the proviso that construction commence by 31 December 1990. For various reasons, the pipelines were not constructed.

By letter dated 26 April 1993, Westcoast informed the Board that it was prepared to file a new application for the construction of the Pine and Commotion Pipeline with an in-service date of 1 November 1993. In its letter, Westcoast sought a determination from the Board allowing Westcoast to include in the calculation of the toll surcharge that would be applicable to the proposed Pine and Commotion Pipeline Project a processing revenue credit equal to 50 percent of the present value of the processing revenue at the Pine River Plant associated with the volumes to be transported under the proposed facilities.

The Board also considered a letter dated 28 April 1993 from B.C. Star Partners, the prospective shipper underpinning the proposed project, in support of Westcoast's application.

On 27 May 1993, the Board decided to consider Westcoast's application by way of written submissions. Interested parties had until 10 June 1993 to comment on the merits of the application and Westcoast and B.C. Star Partners' had until 17 June 1993 to reply to any comments received.

On 22 July 1993, the Board denied Westcoast's request and advised the Company that should it file a Section 58 application for the Pine and Commotion Pipelines Project, it must follow the procedures set forth in the approved Raw Gas Transmission Facility Expansion Policy to determine the level of processing revenue credits that may be applicable.

6. *Westcoast Energy Inc. - Planned Maintenance and Demand Charge Credits for 1993 - CanWest Gas Supply Inc.*

By letter dated 7 June 1993, CanWest requested that the issue of demand charge credits resulting from planned maintenance must still be addressed by the Board and a further determination be made in this matter pertaining to 1993.

On 6 May 1993, the Board issued a decision directing Westcoast to pay demand charge credits to affected shippers for the curtailment of firm service caused by the 1992 tie-in of new loop sections in Westcoast's southern mainline, and to record such payments in a deferral account, pending final disposition of this matter in the next toll hearing for Westcoast. As well, on 10 June 1993 the Board approved a similar deferral account for any demand charge credits paid in 1993 pertaining to curtailments of firm service caused by 1993 capital projects.

A demand charge arises by virtue of

Westcoast's General Terms and Conditions for service which provides that if for any reason Westcoast is unable to deliver a shipper's volume up to the contract demand requested in good faith, Westcoast shall give a demand charge credit equal to the daily demand toll times the difference between the volume requested and the volume delivered. Westcoast is not required to pay any demand charge credits in respect of service curtailments which is due to planned maintenance provided that Westcoast had first offered shippers the alternative of (1) delivering from an alternative supply or (2) producing gas into Westcoast's line pack.

In rendering its 6 May 1993 decision, the Board, based on the specific factual situation in 1992, addressed the issue of curtailments arising from construction activities. The Board was of the view that it was inappropriate to broadly interpret the expression "planned maintenance" in Westcoast's General Terms and conditions to cover all "planned outages". The Board determined that the tie-in of new loop was not planned maintenance. Accordingly, given the facts in connection with the 1992 curtailment, the Board did not consider it necessary in that case, to make a further finding of whether Westcoast had provided shippers with the two alternatives described in Westcoast's General Terms and Conditions such that Westcoast would be relieved of the obligation to pay the demand charge credit.

On 8 July 1993, the Board decided that the issue of planned maintenance and demand charge credits for 1993 and related matters will be considered in the next toll proceeding for Westcoast. (Refer to item 2 under *Hearings Scheduled* on page 3.)

Matters Pending

7. *Public Consultation on Incentive Regulation*

On 19, 20 and 21 January 1993 the Board held a workshop in Calgary for

the pipeline industry, shippers and other interested parties to examine alternatives to traditional cost of service regulation of pipelines under federal jurisdiction.

On 11 March 1993, the Board issued a summary of the discussions held at the workshop. A number of proposals discussed at the workshop are now being examined by the Board. A discussion paper on Generic Return on Equity Hearing was released on 14 May 1993 for comment. On 20 July 1993, the Board informed interested parties that it will not be proposing to hold a generic rate of return hearing at this time. (Refer also to item 2 under *Matters Considered by Written Submission* on page 4.)

8. *Westcoast Energy Inc. - Liquids Recovery Toll for 1993*

On 10 February 1993, Westcoast applied to revise the allocation units for calculating the liquids recovery then being considered by the Board in the context of the RH-3-92 proceeding, even though the oral phase of that proceeding had already been completed.

Westcoast explained that four shippers had advised it that their contracted levels for liquids recovery service were in excess of their requirements. This situation became apparent only after these shippers had received their bills for liquids recovery service calculated on the basis of a toll derived from the liquids residue gas equivalent figures in the contracts of shippers. For these shippers, their bills increased significantly when the basis of calculating the liquids recovery tolls was changed from contracted level of residue gas volumes to that of liquids content, pursuant to the Board's decision in the RH-1-92 proceeding.

The Board was persuaded by interested parties that, while an LRGE figure, which represents Westcoast's contractual obligation to provide liquids recovery service, is contained in the service agreement, it had not been followed closely because it was not used in the

calculation of the liquids recovery toll prior to the RH-1-92 decision. The Board accepted that the volume of liquids recovery service contained in the service agreement of certain McMahon shippers might no longer represent the level of service required.

Accordingly, on 20 July 1993, the Board approved Westcoast's application.

In view of this decision and the fact that the toll methodology issue for liquids recovery service arose in the course of the RH-1-92 proceeding and consequently interested parties might not have received adequate notice of the potential change in toll design, the Board decided on its own motion to reconsider an earlier decision of 6 April 1993 denying a request by Home Oil Company Limited for a review of the 1992 liquids recovery toll. To this end, the Board allowed interested parties until 5 August 1993 to comment on the merits of the Board proposal of retaining residue gas volumes as the basis for calculating liquids recovery toll for 1992.

On 25 August 1993, the Board advised Westcoast that it had decided to retain residue gas volumes as the basis for calculating the liquids recovery toll for 1992. The Board then approved Westcoast's liquids recovery tolls for 1992 and 1993.

Electric Power Matters

Matters Completed

1. *Process Reforms Concerning Electricity Export and International Power Line Applications*

On 7 July 1993 the Board issued a Memorandum of Guidance outlining changes in its procedures for processing applications to export electricity and construct and operate international power lines. The changes simplify the application review procedures, enable exporters to respond more quickly to market opportunities and allow interested parties to comment on applications

earlier in the process. This Memorandum of Guidance supersedes the Memorandum of Guidance dated 22 June 1990.

2. *Hydro-Québec - Application to Amend Electricity Export Licences EL-153, EL-167, and EL-169*

On 8 April 1993, Hydro-Québec applied to amend the following Licences:

- (a) Licence EL-153 so as to permit the export of electricity not only to the New York Power Authority as authorized by the Licence, but to other public utilities situated in NYPA's franchise area, and to export electricity by any of its authorized power lines and not only those specified in the original Licence;
- (b) Licence EL-167 so as to permit the export of electricity not only to the New England Power Pool as authorized by the Licence, but to other public utilities situated in NEPOOL's franchise area and to export electricity by any of its authorized power lines and not only those specified in the original Licence; and
- (c) Licence EL-169 so as to permit the export of electricity not only to the State of Vermont Department of Public Service or to the Vermont Joint Owners as authorized by the Licence, but to other public utilities situated in the VDPS and VJO's franchise area.

The proposals would not increase the total quantities authorized for export under the subject licences.

The Board approved the application on 11 June 1993. The amendments to the licences require Governor-in-Council approval before they may take effect.

3. *Hydro-Québec - Application to Amend Electricity Export Licence EL-169*

On 11 February 1993, Hydro-Québec applied to amend Licence EL-169 to increase the export power limit from 200 megawatts to 520 megawatts and the export energy limit from 1 752 gigawatt hours to 4 555 gigawatt hours. Licence EL-169 authorizes exports to clients in the State of Vermont until 29 February 1996.

On 29 March 1993, the Board decided to give interested parties an opportunity to comment on the application.

The Board approved the application on 15 June 1993. The amendment to the licence requires Governor-in-Council approval before it may take effect.

4. *New Brunswick Power Corporation - Application for An Export Order*

On 6 May 1993, NB Power applied for authorization to export a maximum capacity of 3.4 megawatts of electricity to be known as Nuclear Outage Service to Houlton Water Company from 1 May 1993 to 31 October 2002. This service would only be provided as a back-up service in the event Houlton's entitlement in the Maine Yankee nuclear plant is out of service.

The Board approved the application on 9 June 1993.

On 16 June 1993, NB applied to amend the original order issued by increasing the quantity authorized for export from 3.4 to 3.6 megawatts.

The Board approved the application on 9 July 1993.

5. *Ontario Hydro - Extend Export Permit EPE-21 to 30 June 2006*

On 10 December 1992, Ontario Hydro applied to extend export permit EPE-21 to 30 June 2006 or for the Board to issue

a new permit for the period 1 July 1994 to 30 June 2006.

On 21 January 1993, the Board decided to proceed with the application as an amendment to Permit EPE-21. Accordingly, the Board requested all interested parties to the original application (EW-3-90) to comment on the 10 December 1992 application.

The Board approved the application on 10 June 1993.

Matter Pending

6. Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) encourage greater inter-provincial cooperation between Canada's electrical utilities; and
- (ii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

Two discussion papers entitled "Inter-Utility Cooperation" and "Transmission Access and Wheeling" were released on 30 November 1992 to interested parties for comment. Forty responses were received and they are currently under review.

Once the review of the responses is completed, the Board will prepare a report to the Minister outlining alternative measures that the federal government might consider to encourage increased electricity trade through enhanced inter-utility cooperation, and to facilitate the process by which utility and non-utility generators can gain greater access to interprovincial and international power lines.

Environmental Matter

1. Inventory of Polychlorinated Biphenyls ("PCB's")

On 29 July 1993, the Board sent letters to all pipeline companies under its jurisdiction requesting a review of their current PCB inventory status.

On 25 November 1988, the Board requested all pipeline companies under its jurisdiction to provide an inventory within their system of in-service equipment containing PCB's and of PCB-contaminated waste in storage. All companies were asked to confirm that their PCB waste storage facilities conformed to the requirements outlined in the Interim Order Respecting the Storage of Wastes Containing Polychlorinated biphenyls, issued pursuant to section 35 of the Canadian Environmental Protection Act.

The interim Order has been replaced by the Storage of PCB Material Regulations which were published in the *Canada Gazette* on 27 August 1992.

In response to the new regulations, the Board has decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCB's and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations.

Companies were requested to respond to the Board's letter by 10 September 1993.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* (formerly the *Canada Oil and Gas Production and*

Conservation Act) and regulations made thereunder currently appear on the regulatory agenda of the Department of Energy, Mines and Resources. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. Regulatory Initiatives

- (a) Canada Oil and Gas Occupational Health and Safety Regulations

An update of the Canada Oil and Gas Occupational Health and Safety Regulations has commenced. At present these Regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation. After promulgation of the amendment, the Board's pipeline inspectors will apply these Regulations rather than the more general Canada Occupational Safety and Health Regulations.

A first draft of the amended regulations was reviewed with Labour Canada in August. Over the next year, subsequent drafts will be issued for review by other government departments and industry.

- (b) Guidelines for Frontier Geophysical and Geological Authorizations and Reporting

A document summarizing the Board's Guidelines for Frontier Geophysical and Geological Authorizations and Reporting is in preparation. The Board expects to issue a final document in September 1993.

- (c) Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil-Based Drilling Muds

On 13 May 1993, the Board initiated a review of the Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil-Based Drilling Muds. The review will be conducted by a joint industry-government group consisting of federal government departments, offshore petroleum boards and oil industry representatives.

The first meeting of the joint government/industry review group was held on 2 and 3 June 1993 in Ottawa. The meeting offered a chance for those participating to express their views on the existing guidelines and on the future of regulating waste discharges from offshore oil and gas operations. The group felt that the legal status of the guidelines as regulatory tool must be clarified in addition to conducting a scientific and technical review. The terms of reference, review methodologies and timetable were agreed to, and certain tasks allocated to various members of the group.

Members will indicate, in writing, their positions on the legal status of the guidelines before the next meeting and will initiate internal company or departmental technical/scientific review with respect to the adequacy of the protection of the marine environment afforded by the guidelines.

The next meeting will be held in mid-October.

The Board expects to issue updated guidelines by March 1994.

(d) **Physical Environmental Guidelines for Drilling Programs on Frontier Lands**

The consultation process with industry, other federal government departments and regulatory agencies, and the independent offshore petroleum boards is in progress to

review and update the oceanographic and meteorological provision of the Physical Environmental Guidelines. Modifications to the provisions are required to respond to evolving technologies and to provide for special requirements of the physical environmental programs during offshore oil and gas production. The first full meeting of the full Physical Environmental Guidelines Evaluation Group will be held in mid-October. Publication of the revised Guidelines is targeted for 31 March 1994.

(e) **Canada Oil and Gas Geophysical Operations Regulations**

Privy Council - Justice has completed its review of the Canada Oil and Gas Geophysical Operations Regulations. Energy, Mines and Resources will submit the appropriate regulatory documents for pre-publication in the Canada Gazette.

2. Operations

(a) **Advice on Rights Management Issues**

Advice was given to the Department of Indian and Northern Development on the terms and conditions for the upcoming Rights issuance in the southern territories and on the impact to exploration of the Trout Lake area if a restriction was placed on seismic operations within the lake.

(b) **Geological/Geophysical**

Two seismic programs were completed in June: 9237 U3 1E in the mainland territories and 9637 U3 E1 in the Arctic Islands for Unocal Canada Exploration Limited.

(c) **The following two application to alter the condition of a well were approved**

Imperial Norman Wells F-28X
Socony Mobil WM Chance
Y.T. G-08

(d) **Inspections**

Loading operations at Bent Horn oil field
Suspension operations at Chance G-08

3. Environmental Assessment and Review ("EARP")

An EARP screening was completed for Unocal Canada Exploration Ltd.'s Reconnaissance Geological Program in the Proterozoic Dismal Lake/Hornby Lake Formation and Shaler Mountains, Northwest Territories. The finding was that potentially adverse environmental effects are insignificant or mitigable with known technology and that the program could proceed.

4 Production

The pilot project to test the feasibility of increasing oil production by injection of propane started in the Norman Wells field. A meeting with Imperial Oil to assess the initial results of the project is planned for September 1993.

The M.V. Arctic loaded crude from the Bent Horn oil field on 17 August 1993. A second load is planned for early September if conditions allow.

5. Environmental Studies Research Fund ("ESRF")

The ESRF has announced a Request for Proposal #4363 (Remote Sensing Ice Detection Capabilities - East Coast). The study will commence in the fall of 1993 and will be completed six months from the date the contract is awarded.

Two studies "Proceedings on a Workshop on Beaufort Sea Beluga Whales" and "Dispersant Treatment of an Oiled Saltmarsh" have recently been completed and will be published later in 1993.

6. Diving

The Canadian Working Divers Institute of Buckhorn, Ontario requested recognition of its training program as suitable for marine operations. The Chief Inspector of Diving visited the Institute to assess if it met federal and provincial regulations. A temporary approval was given on condition that upgrades to curriculum and equipment be made.

In July 1993, the Chief Inspector of Diving was elected the Chairman of the Canadian Standard Association's new technical committee to examine competency and performance criteria standards for diving.

In August 1993, the Privy Council Office approved the Newfoundland and the Nova Scotia Diving Regulations. The new regulations will now be pre-published in the Canada Gazette.

7. Miscellaneous

In September 1993, the Board will be completing a study of estimated recoverable oil and gas resources for the southern Northwest Territories, Mackenzie Valley and Yukon Territory. Estimates of discovered resources based on this study will be available from the Board.

Oil Matters

1. Licensing Procedures for Long-term Exports of Oil Sands Production

In a letter addressed to the Board, the former Minister of Energy, Mines and Resources stated that his department is participating in a steering committee charged with organizing a national task force on oil sands strategies. He noted that this is a joint government-industry effort to "explore various ways to improve the commercial viability of oil sands production" and that, among other things, the task force would review "the efficiency and effectiveness of the present regulatory process as it impacts on commercial prospects for oil sands and its ability to attract capital".

In this context, the Minister asked the Board to review and report on the regulatory mechanisms regarding long-term exports of oil from oil sands development including:

- the appropriateness of the current regulatory regime insofar as it applies to oil produced from oil sands developments;
- the process that should be required for an investor to obtain a long-term licence;
- the feasibility of treating oil processed from oil sands differently from conventional oil;
- if a different regime for oil sands were judged appropriate, whether this should apply to new projects only, or to a particular class of projects; and
- any suggestions for changes to the existing legislation and regulations to clarify the process and/or the basis on which regulatory decisions are to be made.

In August 1993, the new Minister of Energy, Mines and Resources reaffirmed the importance of this review and encouraged the Board to proceed in seeking public input in the matter.

To respond to the Minister's request, the Board decided to conduct a written review. To facilitate the preparation of submissions, the Board issued a discussion paper for consideration and comments. Interested parties have until 30 September 1993 to file submissions or comments.

Studies

1. 1994 Supply/ Demand Report

The Board is initiating an update of its long-term energy outlook, *Canadian Energy Supply and Demand 1990 - 2010*. For this update of the report, scheduled for release in the first half of 1994, a number of changes were proposed, relative to the last Supply/Demand report, to

the approach taken in the analysis and report structure. These proposals were discussed with 60 industry, government and other organizations across Canada during a series of meetings in May 1993. In addition, comments were sought and received on a number of issues affecting Canada's energy supply/demand outlook.

A summary of the consultations meetings and the decisions made by the Board, pursuant to these meetings, on the approach and report structure, may be obtained by contacting the Regulatory Support Office at (613) 292-4800.

Parties wishing to make submissions, addressing either the material in the consultations summary or other matters regarding Canada's long-term energy supply/demand outlook, were requested to do so by 31 August 1993.

2. Natural Gas Market Assessment Reports

As part of its activities, the Board monitors the Canadian natural gas market to be alert to any difficulties for Canadians in adjusting to changes in natural gas supply and demand. In this regard, Natural Gas Market Assessment reports are published periodically which address specific short term gas market issues.

The Board is in the process of conducting analysis towards producing two Natural Gas Market Assessment reports in the fall of 1993. The two studies will deal with the following subjects:

- (a) an analysis of the measures used by gas market participants to deal with the problems caused by short periods of very high demand in the recent past; and
- (b) an assessment of the current status of gas reserves and near-term deliverability in Canada.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Board has under preparation a revised version of the Onshore Pipeline Regulations to incorporate a variety of changes related to the safety of pipelines under the Board's jurisdiction.

The Board expects to issue the draft revisions for comment by interested parties by late 1993.

2. Offshore Pipeline Regulations

(Status unchanged. For more details on this matter, see Issue No.44 of the Regulatory Agenda dated 1 March 1993 under *Amendments to Regulations*, item 2 on page 18.)

3. National Energy Board Part VI Regulations

The Part VI Regulations are being amended to reflect the September 1988 Canadian Electricity Policy. The provisions dealing with electricity have been removed from the Part VI Regulations and will be issued separately as *Electricity Regulations* (see item 4 below). As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the *Export and Import Reporting Regulations* (see item 5 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held

in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The Regulations were revised taking into consideration the comments received and sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Governor in Council will then be in a position to make the Regulations.

4. Electricity Regulations

The Board is currently drafting *Electricity Regulations* which will reflect the September 1988 Canadian Electricity Policy. The Board expects to issue the draft regulations in September 1993.

The draft regulations will set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and a Schedule to the draft Rules of Practice and Procedure, will streamline the Board's operations and will reduce the level of regulation in keeping with the government's more market-based approach to energy policy.

5. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and the members of the public will be given 30 days to comment on them. Governor in Council will then be in a position to make the Regulations.

6. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft *International Power Line Crossing Regulations*, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under

which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the September 1988 Canadian Electricity Policy; the regulations will be resubmitted to the Department of Justice for examination and the Governor in Council for approval.

7. Regulations Pertaining to Frontier Oil and Gas Activities

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration (COGLA) were transferred to the Board. This is a step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Being Reviewed by Department of Justice

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - amendments
Nova Scotia Offshore Are Petroleum Diving Regulations
Nova Scotia Offshore Petroleum Production and Conservation

Regulations
Newfoundland Offshore Petroleum Production and Conservation Regulations

Regulations Awaiting to be Reviewed by the Department of Justice

Nova Scotia Offshore Petroleum Installations Regulations
Newfoundland Offshore Petroleum Installations Regulations
Canada Oil and Gas Certificate of Fitness Regulations
Nova Scotia Offshore Certificate of Fitness Regulations
Newfoundland Offshore Certificate of Fitness Regulations

Although these regulations have been submitted to the Department of Justice for its review, Justice will not begin its review until completion and finalization of its review of the *Canada Oil and Gas Installations Regulations*. This will ensure that all of these regulations will be proceeded with at the same time.

Regulations which have Received Department of Justice Approval and are Proceeding to Pre-publication

Canada Oil and Gas Geophysical Regulations

Regulations Being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Branch is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Rules of Practice and Procedure

The Board is revising its *Rules of Practice and Procedure*. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board. The schedules which form part of the Rules provide samples of forms.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the *Canada Gazette*. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the *National Energy Board Act* and changes in export regulation.

Interested Parties had until 19 February 1993 to file comments on the proposed changes.

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the *Canada Gazette*.

Administrative Matters

Appointments

Mr. Kenneth W. Vollman was appointed Member of the Board for a seven year term effective 3 June 1993. Mr. Vollman was appointed temporary Member on 30 September 1988.

Mr. Robert L. Andrew was appointed Member of the Board for a seven year term effective 3 June 1993. Mr. Andrew was appointed temporary Member on 19 March 1992.

Electronic Regulatory Filing ("ERF")

The Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period, commencing with a first phase this fall.

Earlier this year, a feasibility study conducted by Andersen Consulting concluded that converting much of the information flow between the Board and its stakeholders to electronic format is technically, operationally and economically feasible. The system would be designed to accommodate traditional

hard copy, written submissions to the Board while attempting to use electronic means to streamline the information flow between the Board and many of its stakeholders.

While implementation costs, of approximately \$7 million dollars for converting to ERF were estimated, the feasibility study concluded that significant net benefits to the Board and the regulated industry were possible through this initiative.

The Board intends to proceed to implement ERF in phases with decision points between each phase. Throughout the project, the Board intends to work with a small external committee representing the interest of the Board's stakeholders.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

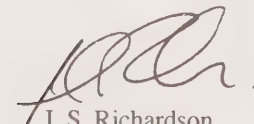
A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters			
(i) Certificates		(iv) Tolls	
Pipeline	35	Class I and II Adjustments	20
Power Line	30	Interim Orders	20
		Operating and Maintenance Budgets	20
(ii) Export licences or Permits		Changes in Depreciation Rates	20
Natural Gas	35	Quarterly Surveillance Reports	20
Electricity	30	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
(iii) Tolls	35	Amendments	20
(iv) Land Acquisitions	10	Amendments to Tariff Orders	20
(b) Non-Hearing Matters			
(i) Natural Gas		(v) Pipelines and Power Lines	
Export Orders	05	Exemption Orders Power Lines	15
Orders for Transmission Access	20	Exemption Orders Pipelines	
Licence Amendments	20	(Sec. 58)	20
Amendments to Export Contracts	20	Certificate Amendments	20
Licence Revocations	20	Certificate Revocations	20
		Leave to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	20
Orders	15	(vi) Other	
Licence or Permit Amendments	15	Application for Review	20
Licence or Permit Revocations	15		
(iii) Oil Exports			
Registered Oil Export Orders	10		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers

BOARD MEMBERS			Manager, Internal Audit	Roy E. Aylett	299-2749
Chairman	Roland Priddle	299-2724	Manager, Corporate Planning		
Chairman's Assistant	Esther Binder	299-2725	and Program Evaluation	Ghislaine Joly	299-2750
Secretary	Carmen Morin	299-2726	<i>Information Technology Branch</i>		
Vice-Chairman	Jean-Guy Fredette	299-2740	Director	Jim Klotz	299-3684
Secretary	Lillian Handelman	299-2741	Secretary	Judy Kelso	299-3692
Member	R. Byron Horner	299-2727	Chief, User Services	Don Emmens	299-3602
Secretary	Mona Butler	299-2728	Secretary	Nelda Ginn	299-3603
Member	A. Boyd Gilmour	299-2733	Project Manager, Electronic		
Secretary	Mary Lou Scharf	299-2734	Regulatory Filing	Kenneth Wing	299-3605
Member	Anita Côté - Verhaaf	299-2739	Chief, Network	Monique Girard	299-3604
Secretary	Deborah Larch	299-2738	Management		
Member	Céline Bélanger	299-2737	OFFICE OF THE SECRETARY		
Secretary	Deborah Larch	299-2738			
Member	Roy Illing	299-2729	Secretary	Scott Richardson	299-2711
Secretary	Mona Butler	299-2728	Admin. Coordinator	Rita Bargetzi	299-2715
Member	Kenneth W. Vollman	299-2730	A/Secretary	Stella Peters	299-2712
Secretary	Mary Lou Scharf	299-2734			
Member	Robert Andrew	299-2736	A/Asst. Secretary,		
Secretary	Lillian Handelman	299-2741	Regulatory	Karla Reesor	299-2714
EXECUTIVE DIRECTOR			Asst. Secretary,		
			Communications	Ann Sicotte	299-2713
			Communications Officer	Denis Tremblay	299-2717
Executive Director	Robin Glass	299-2700	Communications Officer	Ross Hicks	299-3930
Admin. Coordinator	Wilma Philp	299-2701	Manager, Library	Helen Booth	299-3562
<i>Finance and Administration Branch</i>			Library, Information		299-3561
Director	Jim Klotz	299-3684	Board Distribution		
Secretary	Judy Kelso	299-3692	Centre		292-4800
<i>Personnel Branch</i>			General Information		292-4800
Director	Jim Thompson	299-3694	ENERGY REGULATION DIRECTORATE		
Secretary	Sylvie Zurwerra	299-3695	Director General	Peter Miles	299-3154
<i>Corporate Planning and Review Branch</i>			Admin. Coordinator	Jan Dane	299-3155
Director	Claire Scott	299-2747			
Secretary	Francine Poudrette	299-2748			

Economics Branch

Director	John Hayward	299-3621
Secretary	Carmen Maier	299-3622
Assistant Director and Manager, Regulatory Economic Division	Glenn Booth	299-3621

Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166
Assistant Director and Chief, Regulatory	Ivan Harvie	299-3167
Chief, Generation Planning	Alec Penman	299-3180

Gas and Oil Branch

Director	Raymond Choy	299-3189
Secretary	Linda Byers	299-3185
Assistant Director and Chief, Transportation and Oil Exports	Hans Pols	299-3195
A/Chief, Gas Export	Cliff Brown	299-3190
Chief, Market Analysis and Export Surveillance	Sandra McDonough	299-3186

Financial Regulation Branch

Director	Gaétan Caron	299-3646
Secretary	Janet Soucy	299-3648
Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Vacant	292-5048
Chief (IPL, TNPI and Cochin)	Vacant	299-3649
Chief (Westcoast and TMPL)	Albert Fung	299-3662
Chief (TCPL and IPL(NW))	Steve Brown	299-3653

ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752
Special Advisor - Diving	Jan Merta	299-2791

Operations and Safety

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Secretary	Margaret Merta	299-2787
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Facilities and Production

Director	Terry Baker	299-2792
Secretary	Karen Befus	299-2789

Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Vacant	299-2758
Chief, WEI and IPL	Brenda Kenny	299-2761
A/Chief, Gas Pipelines East	Paul Trudel	299-2768
Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
Chief, Safety	Jake Abes	299-2777
A/Chief, ANG/Foothills/ NPA	Robert Power	299-2769

ENVIRONMENT DIRECTORATE

Director General	Dr. Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalfe	299-3676

Environment and Lands Branch

Director	Vacant	299-3665
Secretary	Pat Cormier	299-3666
Asst. Director and Chief, Environment	Steve Pierce	299-3668

Chief, Operational Programs Gord Higginson 299-3672

Pollution Control Division

Director Jim McComiskey 299-3677

Physical Environment Division

Director Oleh Mycyk 299-3678

Emergency Response and Financial Liability Division

Director Jim Anderson 299-3682

Environmental Studies Research Funds

A/Manager Brian Nesbitt 299-3679

ENERGY RESOURCES DIRECTORATE

Director General Graham Campbell 299-3102
 Secretary Carole Gauthier 299-3103
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Chief Gerrit Hos 299-3120

Natural Gas Supply Division

Chief Paul Bourgeois 299-3149

Reservoir Engineering Division

Chief Cliff Gemeroy 299-3138

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Chief Bruce Young 299-3147

Operations and Reserves

Chief Giles Morrell 299-3117

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Counsel Margery Fowke 299-2708
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Counsel Peter Noonan 299-3552
 Counsel Lori Ann Boychuk 299-2707
 Counsel Judith Hanebury 292-6497
 Secretary Susan Gudgeon 299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canada Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer *Part II of the Canada Labour Code*.

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Regulatory Agenda

Issue No. 47 (The period covered in this Regulatory Agenda is 1 September to 30 November 1993) 1 December 1993

Applications Considered by Public Hearing

Recent Hearing Reports and Decisions

1. *TransCanada PipeLines Limited - Application to Construct Facilities for the 1993/1994 and 1994/1995 Operating Years - GH-2-93*

Reasons for Decision dated October 1993; issued on 21 October 1993.

The Board held a public hearing from 21 to 25 June 1993 in Toronto on an application dated 18 December 1992, amended on 23 March and 28 May 1993, by TransCanada for the installation of new facilities during 1994 and 1995.

The Board approved the construction of \$397.3 million worth of new facilities, including 164.4 kilometres (102.8 miles) of new pipeline loop, 129 megawatts of additional compression, two aftercoolers, one meter station and compression related items. The facilities will be used to provide additional capacity totalling approximately two million cubic metres (71.8 million cubic feet) per day for new long haul firm service deliveries, of which 943 thousand cubic metres (33.4 million cubic feet) per day would be used for domestic service. The remaining 1.1 million cubic metres (38.4 million cubic feet) of new long haul capacity would be for two new export services. In addition, the expansion will provide a total of approximately six million cubic metres (211.4 million cubic

feet) per day of new short-haul firm service for export customers.

The Board conducted an environmental assessment of the application under the Environmental Assessment and Review Process Guidelines Order. The Board found that the potentially adverse environmental effects of the expansion project, including the social effects directly related to those environmental effects, will be insignificant or mitigable with known technology.

2. *Foothills Pipe Lines Limited - Tolls - RH-1-93*

Reasons for decision dated November 1993; issued on 25 November 1993.

The Board held a public hearing from

23 August to 3 September 1993 in Calgary to consider issues relating to the tolls and tariffs of Foothills.

The Board has approved a rate of return on common equity of 11.5 per cent. The company had applied for 13 per cent, but reduced its request to its previously approved rate of 12.5 per cent at the beginning of the hearing.

The Board approved a common equity ratio for Foothills of 28 per cent. The company had applied for a common equity ratio of 35 per cent, and had been operating since its inception in 1981 with an actual common equity component of 25 per cent, plus or minus five per cent.

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National Energy Board

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



As a result of the Board's decision in this case, Foothills' annual cost of service will be approximately 8.6 per cent lower than applied for.

Hearing Decisions Pending

1. *Westcoast Energy Inc. - 1994 Tolls - RH-2-93*

The Board held a public hearing from 18 October to 2 November 1993 in Vancouver and Calgary on an application by Westcoast for the approval of 1994 tolls.

Westcoast is requesting an overall toll decrease of 1.1 percent over tolls approved for 1993. The company, in estimating its 1994 cost of service, has utilized a rate of return on common equity of 12.75 percent, compared with an approved rate of return of 12.25 percent for 1993. The capital structure utilized in the application includes a common equity component of 35 percent which is unchanged from that approved by the Board for 1993.

2. *Interprovincial Pipe Line Inc. - Facilities - OH-1-93*

The Board held a public hearing from 22 to 26 November 1993 in Calgary on an application from Interprovincial to expand its facilities during 1994. An application by Express to construct and operate an oil pipeline from Hardisty, Alberta to the international boundary near Wild Horse, Alberta had been scheduled to be heard at the same time; however, by letter dated 15 November 1993, Express formally withdrew its application.

Interprovincial applied for approval to construct approximately 491.5 kilometres (305 miles) of 508 millimetre (20 inch) diameter pipeline in or adjacent to the existing Interprovincial right-of-way from Hardisty, Alberta to Regina, Saskatchewan; reactivation of a currently idle pipeline between Regina and Cromer, Manitoba; integration of an

existing pipeline from Cromer to Gretna, Manitoba; construction of a further 2.8 kilometres (1.7 miles) of 508 millimetres (20 inch) diameter pipe from Gretna to the international border; and the addition of new pumping units or modifications to existing pumping units to service the expanded system. The Company also plans the addition of one 23 850 cubic metre (150 000 barrel) tank at Edmonton and another tank of the same size at Cromer, and two 31 800 cubic metres (200 000 barrels) tanks at Hardisty.

The Interprovincial system, with the expansion, would have the capacity to transport 221 600 cubic metres per day (1,393,700 barrels per day) of crude oil or equivalent exiting Kerrobert, Saskatchewan to markets in Eastern Canada and northern mid-West United States. The estimated cost of the expansion is \$256 million (1994 dollars). The construction of the expansion is expected to be completed by late 1994 and operational by 1 January 1995.

Hearing in Progress

1. *Trans Mountain Pipe Line Company Ltd. - 1993 and 1994 Tolls - RH-3-93*

The Board commenced a public hearing on Monday, 29 November 1993 in Richmond on an application by Trans Mountain for the approval of 1993 and 1994 tolls.

The Board is considering, inter alia, the issues of rate of return on common equity, cost of unfunded debt, capital structure, method of accounting for income taxes, interim toll refund methodology, and toll methodology for the facilities related to the transportation of refined products from Edmonton, Alberta to Burnaby, British Columbia. The Board is also considering 1994 revenue requirement and tolls.

Trans Mountain has been operating on interim tolls approved by the Board since 1 January 1993.

Hearings Scheduled

1. *InterCoastal Pipe Line Inc. and Interprovincial Pipe Lines Inc. - Pipeline Facilities - GH-4-93*

The Board will hold a public hearing, commencing on Monday, 10 January 1994 in London, Ontario, on applications from InterCoastal and Interprovincial regarding oil pipeline facilities.

InterCoastal applied for leave to purchase Interprovincial's existing line 8, including the transfer to InterCoastal of the related Certificates and Orders; to convert the existing line 8 from crude oil to natural gas; and, for authorization to construct additional facilities. InterCoastal also applied for approval of its tariff for transportation service, toll design and cost allocation methodologies and InterCoastal's interim tolls. Interprovincial applied for authorization to abandon the operation of line 8 as a crude oil pipeline and to sell the facilities to InterCoastal.

InterCoastal is part of a proposed larger international natural gas pipeline system known as the InterCoastal Project that would also include natural gas facilities in the United States to be constructed and operated by ANR Pipeline Company of Detroit, Michigan, and known as the ANR Segment.

The system would have the capacity to transport up to 3.8 million cubic metres (133 million cubic feet) per day of natural gas to markets in eastern Canada and the northeast United States for the period 1 November 1994 to 31 October 1996, and up to 5 million cubic metres (175 million cubic feet) per day thereafter. InterCoastal proposes to be in service by 1 November 1994.

InterCoastal is proposing to convert 209.7 kilometres (130.3 miles) of existing crude oil pipeline currently owned by Interprovincial to natural gas service.

The existing pipeline extends from Interprovincial's Sarnia, Ontario terminal to Millgrove Junction in the Regional Municipality of Hamilton-Wentworth. InterCoastal proposes to construct new facilities which include 19.7 kilometres (12.2 miles) of 610 millimetre (24-inch) pipe and related facilities extending from a point of connection with the ANR System at the international border under the St. Clair River to a point of connection with the existing system at Interprovincial's Sarnia Terminal. Also included in the Sarnia area is a 1.9 kilometre (1.2 mile) 610 millimetre (24 inch) lateral extending from a point approximately 7.4 kilometres (4.6 miles) from the St. Clair interconnection to a point of connection with the gas storage facilities of Tecumseh Gas Storage, a division of The Consumers' Gas Company Ltd. From Millgrove Junction, approximately 22.4 kilometres (13.9 miles) of 508 millimetre (20 inch) pipeline would be constructed to interconnect with The Consumers' Gas distribution system near Oakville.

2. *Natural Gas Export Applications - GH-5-93*

The Board will hold a public hearing commencing on Monday, 31 January 1993 in Calgary on applications from five companies for 16 licences to export natural gas and to amend two existing natural gas export licences.

The applications are described below.

Brooklyn Navy Yard Cogeneration Partners, L.P. applied for a 15-year licence to export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario. The natural gas would be used to fuel a cogeneration facility to be constructed by Brooklyn Navy Yard in Brooklyn, New York.

Husky Oil Operations Ltd. applied for a 15-year licence to export some 398 000 cubic metres (14.0 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The natural gas would be used to fuel a power production facility to be constructed by

Tenaska Washington Partners II, L.P. near Tacoma, Washington.

ProGas Limited applied, in three applications, to amend two existing natural gas export licences and for the issuance of eight new natural gas export licences.

In its first application, ProGas applied for six new licences, for terms of seven and ten years, to export some 1 681 500 cubic metres (59.4 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences are for the export of natural gas to Michigan Gas Utilities, Wisconsin Fuel & Light Company, Wisconsin Gas Company, Wisconsin Natural Gas Company, Wisconsin Power & Light Company and Wisconsin Public Service Corporation, six local distribution companies in the States of Michigan and Wisconsin. ProGas also applied to amend an existing licence, GL-98, by reducing the authorized export volumes from 7.3 million cubic metres (258.3 million cubic feet) to 5.6 million cubic metres (199 million cubic feet) per day.

In its second application, ProGas applied for approval to extend the term of an existing licence by seven years and to increase the total quantity of natural gas that may be exported during the term of the licence from 13.8 billion cubic metres (487.3 billion cubic feet) to 19 billion cubic metres (671.2 billion cubic feet). Under that licence, ProGas exports natural gas to Northeast Energy Associates and North Jersey Energy Associates. The natural gas is used to fuel two cogeneration plants in Bellingham, Massachusetts and Sayreville, New Jersey.

In its third application, ProGas applied for two licences, with terms of four and nine years, to export a total of 413 800 cubic metres (14.6 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences are for the export of natural gas to the Wisconsin Gas Company and Wisconsin Public Service Corporation, two local distribution companies located in the State of Wisconsin. ProGas also applied to

amend an existing licence, GL-98, by reducing the authorized export volumes from 5.6 million cubic metres (199 million cubic feet) to 5.2 million cubic metres (184 million cubic feet) per day.

Shell Canada Limited applied for a 15-year licence to export some 609 000 cubic metres (21.5 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The natural gas would be used to fuel a power production facility to be constructed by Tenaska Washington Partners II, L.P. near Tacoma, Washington.

Western Gas Marketing Limited applied for five licences to export a total of 4.5 million cubic metres (159.1 million cubic feet) of natural gas per day at Emerson, Manitoba. The natural gas would be exported to Wisconsin Gas Company, Wisconsin Public Service Corporation, Wisconsin Natural Gas Company, Wisconsin Power & Light Company and Wisconsin Fuel & Light Company, five local distribution companies located in the State of Wisconsin.

3. *TransCanada PipeLines Limited - 1994 Tolls - RH-4-93*

The Board will hold a public hearing commencing on Monday, 7 February 1994 at 1:00 p.m. in Ottawa on an application by TransCanada for the approval of 1994 tolls.

The tolls requested by TransCanada for the Eastern Zone average 0.2 per cent less than tolls in effect during 1993.

TransCanada has also requested a 4.8 per cent increase in its revenue requirement, to \$1,608.2 million from \$1,533.9 million, and a rate of return on common equity of 12.75 per cent on a common equity ratio of 30 per cent. This compares to a rate of return on common equity of 12.25 per cent on a common equity ratio of 30 per cent that the Board approved for TransCanada for 1993.

As part of its application, the company filed the report of a joint industry task force which has been working to reach agreement on various issues to be considered at the hearing.

Matters Completed

1. *Alberta and Southern Gas Co. Ltd. ("A&S"), Pacific Gas Transmission Company (PGT), Pacific Gas and Electric Company ("PG&E") and Alberta Natural Gas Company Ltd ("ANG") - Orders Terminating Restriction of Exports to Northern California - GH-R-1-91*

The Board has decided to revoke, effective 1 November 1993, two orders of the Board which restricted exports to Northern California. The Board decided to revoke the orders after having reviewed the submissions from interested parties on an application dated 30 August 1993, from A&S, PGT, PG&E and ANG, collectively referred to as the Applicants, to terminate the orders of the Board.

The Applicants stated in their application that all affected parties had been negotiating a restructuring of the existing contractual arrangements and that the negotiations had resulted in a Decontracting Plan that had been agreed to by A&S, PGT and PG&E and a large majority of the producers selling to A&S. The Decontracting Plan would result in the commercial restructuring of gas sales transactions between Canadian gas suppliers and California purchasers. Implementation of the Decontracting Plan was proposed to be effective 1 November 1993.

The Applicants further stated that the termination of the Board's orders and the granting of certain collateral and related relief by the Board effective 1 November 1993, were conditions to the Decontracting Plan becoming effective.

In arriving at its decision to terminate the restricting orders, the Board was of the view that significant progress has been made toward the restructuring of existing long-term contractual arrangements for the sale and delivery of Canadian gas supplied to the Northern California market.

As background, following a public hearing held in February and March 1992, the Board, on 24 June 1992, announced that it was taking measures to counteract the detrimental effects on the Canadian public interest of regulatory decisions of the California Public Utilities Commission. The Board expressed its concern that these decisions could undermine existing long-term commercial arrangements under which Canadian producers supply gas to Northern California.

At that time the Board issued orders to:

- immediately vary all short-term export orders to add a condition that precludes exports at Kingsgate and Huntingdon, British Columbia, of Canadian gas destined for utilization in the Northern California market that is not gas presently contracted by A&S for sale to PGT; and
- immediately suspend interruptible transportation service for the delivery of gas to the Kingsgate, British Columbia, export point and the assignment provisions of ANG's Gas Transportation Service Document.

Those orders have had the effect of preventing the displacement of the long-term gas supply of A&S and its producers to Northern California. The Board decided to implement those measures pending the restructuring of existing long-term contractual arrangements and until all necessary regulatory approvals are in place for such new arrangements.

On 24 October 1993, PGT requested amendments to the effective dates of Orders RO-MO-2-92 and RO-TG-5-92 from 1 November 1993 to 25 October 1993.

On 25 October 1993, the Board denied the application to amend the effective dates of the Orders.

Matters Under Consideration

2. *Licensing Procedures for Long-term Exports of Oil Sands Production*

In a letter dated 13 May 1993 addressed to the Board, the then Minister of Energy, Mines and Resources, the Honourable Bill McKnight, P.C., M.P., stated that the Department is participating in a steering committee charged with organizing a national task force on oil sands strategies. He noted that this is a joint government-industry effort to "explore various ways to improve the commercial viability of oil sands production" and that, among other things, the task force would review "the efficiency and effectiveness of the present regulatory process as it impacts on commercial prospects for oil sands and its ability to attract capital".

In this context, the Minister asked the Board to review and report on the regulatory mechanisms regarding long-term exports of oil from oil sands development including:

- the appropriateness of the current regulatory regime insofar as it applies to oil produced from oil sands development;
- the process that should be required for an investor to obtain a long-term licence;
- the feasibility of treating oil processed from oil sands differently from conventional oil;
- if a different regime for oil sands were judged appropriate, whether this should apply to new projects only, or to a particular class of projects; and
- any suggestions for changes to the existing legislation and regulations to clarify the process and/or the basis on which regulatory decisions are to be made.

In August 1993, the then Minister of Natural Resources Canada (the former Department of Energy, Mines and Resources) , the Honourable Barbara Sparrow, P.C., M.P., reaffirmed the importance of this review and encouraged

the Board to proceed in seeking public input in the matter.

To respond to the Minister's request, the Board decided to conduct a written review. To facilitate the preparation of submissions, the Board issued a discus-

sion paper for consideration and comments. Interested parties had until 30 September 1993 to file submissions or comments.

The Board is currently preparing its Report to the Minister.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

- | | |
|---|--|
| 1. Foothills Pipe Lines (Yukon) Ltd. | - Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Mobil Oil Canada Ltd., Petro-Canada Inc.
Texaco Canada Resources Ltd. and
Nova Scotia Resources (Ventures) Limited | - Applications dated 17 July 1985 to export natural gas (Venture project). |
| 4. Foothills Pipe Lines Ltd. | - Application dated 30 October 1989 for a certificate to construct the Mackenzie Valley Pipeline. |

Reviews and Appeals

Reviews

Matters Completed

1. *TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993*

Reasons for Decision dated October 1993; issued on 5 October 1993.

The Board approved a request by WBI Canadian, a subsidiary of the Williston Basin Interstate Pipeline Company of Bismark, North Dakota, to construct a 1.15 kilometre natural gas pipeline from North Portal, Saskatchewan to the international boundary where it will connect with a new pipeline in the United States.

The approval is the result of a written review conducted by the Board of its decision on 25 February 1993 denying the application on jurisdictional grounds. The review was requested by TransGas.

WBI Canadian applied to the Board on 9 October 1992 to construct a 1.15 kilometre pipeline from a new TransGas pipeline at North Portal, Saskatchewan where it would connect downstream with a new 15.2 kilometre Williston Basin pipeline in the U.S. The new line will connect upstream with the newly-constructed 35.6 kilometre TransGas line extending to Steelman from North Portal (the "Steeleman/North Portal Extension").

A majority of the Board also confirmed its previous decision that the Steelman/North Portal Extension, once connected to the WBI Canadian line, is subject to federal jurisdiction and regulation by the Board.

(Refer to item 3 under Appeals on page 7 and issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under *Pipeline Matters* on page 10.)

2. *F. & V. Energy Co-operative Inc. and The Beaver Wood Fibre Company Limited - TransCanada PipeLines Limited - Assignment and Diversions*

On 23 September 1993, the Board denied applications dated 26 August and 3 September 1993, from F&V and Beaver Wood, respectively, for review and for the rescission of the Board's decision dated 22 July 1993 regarding TransCanada's diversion policy (refer to issue No. 46 of the Regulatory Agenda dated 1 September 1993, item 2 under Traffic and Toll Matters on page 12).

Both F&V and Beaver Wood argued that they had no notice that the Board would make a decision without a hearing and that they were not given an opportunity to be heard as the Board decision was made *ex parte*.

F&V also argued as ground for review that TransCanada had not responded to F&V's information request of 4 September 1992 regarding assignments and diversions.

Beaver Wood also argued the following points:

- (a) the Board had not given parties sufficient time to re-arrange their affairs;
- (b) the decision if implemented frustrates two contracts which it argued is beyond the Board's jurisdiction;
- (c) the Board overlooked or disregarded TransCanada's evidence that Beaver Wood's transactions are assignments rather than diversions;
- (d) the Board erred in law and fact by concluding that Beaver Wood has the contractual right to take delivery at only one point (Parkway Belt-Consumers or Parkway Belt-Union, but not at both); and
- (e) the Board erred in law and fact by overlooking or disregarding that Beaver Wood is contractually entitled to take delivery at Sheridan and Lisgar.

The Board denied the applications on the grounds that doubt as to the correctness of the decision had not been established.

3. *Czar Resources Ltd., Serenpet Inc. and Wainoco Oil Corporation - Application for Review of NEB Order AO-1-TG-6-92 - Liquids Recovery Service Tolls for 1992*

On 22 October 1993, the Board denied applications from Serenpet dated 21 September 1993 and Wainoco dated 27 September 1993 requesting that the Board review its decision of 26 August 1993 to issue Order AO-1-TG-6-92 to Westcoast regarding the liquids recovery service toll for 1992. On 23 November 1993, the Board denied an application dated 24 September 1993 from Czar on the same subject.

On 10 February 1993, Westcoast applied to revise the allocation units for calculating the liquids recovery then being considered by the Board in the context of the RH-3-92 proceeding, even though the oral phase of that proceeding had already been completed.

Westcoast explained that four shippers had advised it that their contracted levels for liquids recovery service were in excess of their requirements. This situation became apparent only after these shippers had received their bills for liquids recovery service calculated on the basis of a toll derived from the liquids residue gas equivalent figures in the contracts of shippers. For these shippers, their bills increased significantly when the basis of calculating the liquids recovery tolls was changed from contracted level of residue gas volumes to that of liquids content, pursuant to the Board's decision in the RH-1-92 proceeding.

The Board was persuaded by interested parties that, while a liquids residue gas equivalent figure, which represents Westcoast's contractual obligation to provide liquids recovery service, is contained in the service agreement, it had not been followed closely because it was not used in the calculation of the liquids recovery toll prior to the RH-1-92 decision. The Board accepted that the volume of liquids recovery service contained in the service agreement of certain McMahon shippers may no longer represent the level of service required.

Accordingly, on 20 July 1993, the Board approved Westcoast's application.

In view of this decision, and the fact that the toll methodology issue for liquids recovery service arose in the course of the RH-1-92 proceeding, possibly resulting in interested parties not having received adequate notice of the potential change in toll design, the Board decided on its own motion to review its decision of 6 April 1993 denying a request by Home Oil Company Limited for a review of the 1992 liquids recovery toll. To this end, the Board allowed interested parties to comment on the merits of the Board proposal of retaining residue gas volumes as the basis for calculating liquids recovery toll for 1992.

On 25 August 1993, the Board advised Westcoast that it had decided to retain residue gas volumes as the basis for calculating the liquids recovery toll for 1992. The Board then approved Westcoast's liquids recovery tolls for 1992. Consequently, applications for review were received from Czar, Serenpet and Wainoco.

The Board decided to deny Wainoco's application because it was of the opinion that the issues raised were non-reviewable, insufficient to discharge the onus of proof to show why the decision should be declared reviewable, or are answered by reference to the record. With respect to Serenpet's application, the Board was of the view that Serenpet had failed to

discharge the onus of proof imposed by law to show why the impugned order should be reviewed. With respect to Czar's application, the Board was of the view that Czar had failed to satisfy the onus of proof imposed by law to adduce sufficient evidence to raise a doubt as to the correctness of Order AO-1-TG-6-92.

4. *Westcoast Energy Inc. - Planned Maintenance and Demand Charge Credits for 1993 - CanWest Gas Supply Inc.*

On 22 October 1993, the Board denied an application by CanWest for review of the Board's decision dated 6 May 1993 regarding Westcoast's demand charge credits.

By letter dated 7 June 1993, CanWest had requested that the issue of demand charge credits resulting from planned maintenance must still be addressed by the Board and that a further determination pertaining to 1993 be made in this matter.

On 6 May 1993, the Board had issued a decision directing Westcoast to pay demand charge credits to affected shippers for the curtailment of firm service caused by the 1992 tie-in of new loop sections in Westcoast's southern mainline, and to record such payments in a deferral account, pending final disposition of this matter in the next toll hearing for Westcoast. As well, on 10 June 1993 the Board approved a similar deferral account for any demand charge credits paid in 1993 pertaining to curtailments of firm service caused by 1993 capital projects.

A demand charge arises by virtue of Westcoast's General Terms and Conditions for service which provides that if for any reason Westcoast is unable to deliver a shipper's volume up to the contract demand requested in good faith, Westcoast shall give a demand charge credit equal to the daily demand toll times the difference between the volume requested and the volume delivered. Westcoast is not required to pay any demand charge credits in respect of service curtailments which are due to

planned maintenance, provided that Westcoast had first offered shippers the alternative of (1) delivering from an alternative supply or (2) producing gas into Westcoast's line pack.

The Board denied CanWest's application because it was of the view that CanWest had not raised a doubt as to the correctness of the Board's decision of 6 May 1993.

Appeals

Appeals Pending

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

The Supreme Court heard this case beginning on 13 October 1993. The Board is awaiting the Supreme Court's decision.

(For details on this case, please refer to Issue No. 42 of the Regulatory Agenda dated 1 September 1992.)

2. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993.

3. *TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993*

(Refer to item 1 under *Reviews* above)

On 26 March 1993, TransGas applied to the Federal Court of Appeal for leave to

appeal the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15-kilometre long pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under Pipeline Matters, Matters Completed on page 10.) TransGas sought the appeal on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

TransGas also applied to the Board for a review of its decision.

The appeal is being held in abeyance pending the release of the dissents relative to the disposition of the review application.

4. *R. E. Wolf - Application For Leave to Appeal the Board's Order XG-W5-28-93 Issued to Westcoast Energy Inc. - Pine River Gas Plant and Grizzly Pipeline System - GH-1-93*

On 24 July 1993, Mr. R. E. Wolf filed an application in the Federal Court of Appeal for leave to appeal the Board's Order No. XG-W5-28-93 issued to Westcoast in June 1993 approving the expansion of its Pine River Gas Plant and Grizzly Pipeline System situated in northeastern British Columbia.

In brief, the grounds for appeal are:

- (a) a breach of natural justice occurred as the application proceeded without adequate notice and while incomplete;

- (b) the Board erred in finding it had complied with section 16 of the *Environmental Assessment Review Process Guidelines Order*;

- (c) the Board erred in making a section 12 (c) finding under the *EARP Guidelines Order*; and

- (d) the Board erred in finding there was no public concern about Westcoast's application.

The Board is currently awaiting the decision of the Federal Court of Appeal on the application for leave to appeal.

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 September 1993 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *New England Power Company - Contract Amendment - Natural Gas Export Licence GL-160*

On 14 October 1993, New England Power applied for approval of amendments to various contracts underpinning exports under Licence GL-160.

The Board approved the application on 28 October 1993.

2. *Imperial Oil Resources Limited and Imperial Oil Resources - Contract Amendment - Natural Gas Export Licence GL-151*

By letter dated 19 October 1993, as amended on 25 October 1993, the above mentioned companies applied for approval of amendments to the Natural Gas Sales Agreement dated 1 May 1989 with Boston Gas Company underpinning exports under Licence GL-151.

The Board approved the application on 28 October 1993.

3. *Pan-Alberta Gas Ltd. - Contract Amendments - Natural Gas Export Licence GL-97*

On 21 October 1993, Pan-Alberta applied for approval of the Twenty-Sixth Amending Contract dated 1 October 1993 to the Gas Sales Contract dated 9

March 1993 with Northwest Alaskan Pipeline Company underpinning exports under Licence GL-97.

The Board approved the application on 29 October 1993.

4. *Selkirk Cogen Partners, L.P. - Amendment to Natural Gas Export Licence GL-157*

On 13 November 1993, Selkirk applied for approval to amend Licence GL-157 by adding Niagara Falls, Ontario as an additional export point under the Licence. The Licence currently authorizes exports at Iroquois, Ontario.

The Board approved the application on 18 November 1993. The amendment to the Licence requires Governor-in-Council approval before it may take effect.

Matters Pending

5. *Export Impact Assessment ("EIA")*

The intent of the EIA is to allow the Board to determine whether a proposed natural gas export is likely to cause Canadians difficulty in meeting their energy requirements at fair market prices.

On 3 June 1993, the Board released a summary of discussion of a one-day workshop it held on 1 April 1993 in Calgary on the EIA. The workshop was initiated to discuss the approach taken, the main assumptions and issues that arise in the EIA analysis.

The workshop discussion indicated that a number of aspects of the analysis and process should be re-examined. Consequently, in a letter to interested parties in late August 1993, the Board proposed two changes to the way in which it will conduct the EIA analysis. Comments on those proposals were requested by 7 October 1993 and seven submissions were received.

The Board expects to announce final changes to the EIA process in December 1993.

Pipeline Matters

Matters Completed

1. *Interprovincial Pipe Line Inc. - Alberta NGL Project at Hardisty*

On 26 May 1993, Interprovincial applied for approval of a project entitled "Alberta NGL Project - Hardisty". The project is for the construction of a custody transfer system for the receipt of natural gas liquids into Line 1 at Interprovincial's Hardisty Terminal on the Older System. The estimated cost of the project is \$5 150 000.

The proposed system is designed to accommodate the maximum Line 1 flow rate of 42 660 cubic metres (268 300 barrels) per day while allowing for operation of the system with one meter run out of service.

On 8 July 1993, the Board sent a letter to Interprovincial requesting additional information.

On 9 September 1993, the Board invited interested parties to file submissions on the application by 17 September 1993 and Interprovincial to reply to any submissions received by 22 September 1993.

The Board approved the application on 29 October 1993.

2. *Trans-Northern Pipelines Ltd. - Abandonment of Facilities*

On 3 March 1993, Trans-Northern applied for approval of the retirement of the Port Hope and Prescott meter station and the abandonment of the Prescott Lateral, all located in Ontario.

The Board approved the application on 1 October 1993.

**3. *Trans-Northern Pipelines Ltd. -
Abandonment of Facilities***

On 9 June 1993, Trans-Northern applied for approval to abandon 1 750 metres of pipeline and to construct approximately 100 metres of pipeline all in the City of Oakville, Ontario. The abandonment and construction was required to allow CN Railway to expand its facilities. The Board approved the application on 3 September 1993.

**4. *Trans-Northern Pipelines Ltd. -
Abandonment of Facilities***

On 3 September 1993, Trans-Northern applied for approval to abandon 524 metres of pipeline on the Sun Canadian Pipeline section located in the City of North York, Ontario.

The Board approved the application on 14 October 1993.

**5. *Westcoast Energy Inc. - Pipe
Replacements on Fort Nelson
Mainline***

On 6 August 1993 Westcoast applied for the approval to proceed with two projects for above-grade pipe replacements on the Fort Nelson Mainline. The proposed projects would involve the replacement of 2 500 metres of pipe at Barker Creek and 1 500 metres of pipe at a tributary of the Sikanni River including slope remediation work and the in-situ abandonment of existing 1964 pipe segments. The estimated cost of the project is \$8 316 000.

The Board approved the application on 9 September 1993.

6. *Documentation Audit Reports*

The Board adopted the Documentation Audit Reports for Monitoring Compliance with the *Onshore Pipeline Regulations* for the following companies:

Canadian-Montana Pipe Line Company Limited dated 14 October 1993

Centra Transmission Holdings Inc. dated 4 November 1993

Iverness Petroleum Ltd. dated 29 October 1993

Minell Pipeline Ltd. dated 12 November 1993

Peace River Transmission Company Limited dated 7 October 1993

Westcoast Energy Inc. dated 14 October 1993

Westpur Pipe Line Co. (1985) Ltd. dated 29 October 1993

7. *Various Construction Projects*

The Board approved a number of applications from pipeline companies for pipeline and related facilities. The following lists the companies, the dates of approval, the approximate value of the approved projects and the order numbers.

Gas Pipeline Orders

Canadian Hunter Exploration Ltd.
Approved on 25 October 1993
Estimated Cost: \$512 200
Order Number: XG-C87-49-93

SaskEnergy Incorporated on behalf of Portal Municipal Gas Company Canada Inc.
Approved on 18 November 1993
Estimated Cost: \$1 000
Order Number: XG-P160-53-93

St. Clair Pipelines Ltd.
Approved on 10 September 1993
Estimated Cost: \$336 000
Order Number: XG-S119-44-93

TransCanada PipeLines Limited
Approved on 15 September 1993
Estimated Cost: \$261 000
Order Number: XG-T1-45-93

TransCanada PipeLines Limited
Approved on 21 September 1993
Estimated Cost: \$56 000
Order Number: XG-T1-46-93

TransCanada PipeLines Limited
Approved on 12 November 1993
Estimated Cost: \$5 551 000
Order Number: XG-T1-47-93

TransCanada PipeLines Limited
Approved on 18 October 1993
Estimated Cost: \$97 000
Order Number: XG-T1-48-93

WBI Canadian Pipeline, Ltd.
Approved on 4 October 1993
Estimated Cost: \$147 000
Order Number: XG-W57-3-93

Westcoast Energy Inc.
Approved on 9 September 1993
Estimated Cost: \$8 316 000
Order Number: XG-W5-42-93

Westcoast Energy Inc.
Approved on 16 September 1993
Estimated Cost: \$2 008 900
Order Number: XG-W5-43-93

Westcoast Energy Inc.
Approved on 20 October 1993
Estimated Cost: \$1 587 000
Order Number: XG-W5-50-93

Oil Pipeline Orders

Interprovincial Pipe Line Inc.
Approved on 28 October 1993
Estimated Cost: \$5 150 000
Order Number: XO-J1-34-93

Interprovincial Pipe Line Inc.
Approved on 23 September 1993
Estimated Cost: \$1 100 000
Order Number: XO-J1-39-93

Interprovincial Pipe Line Inc.
Approved on 12 November 1993
Estimated Cost: \$292 000
Order Number: XO-J1-41-93

Interprovincial Pipe Line Inc.
Approved on 12 November 1993
Estimated Cost: \$730 000
Order Number: XO-J1-42-93

Interprovincial Pipe Line (NW) Ltd.
Approved on 15 September 1993
Estimated Cost: \$286 000
Order Number: XO-J34-38-93

Novacor Chemicals (Canada) Ltd. on behalf of Genesis Pipeline (Canada) Ltd.
Approved on 13 September 1993
Estimated Cost: \$85 000
Order Number: XO-G62-35-93

Petrorep Resources Ltd.
Approved on 4 October 1993
Estimated Cost: \$2 000
Order Number: XO-P152-47-93

Sun-Canadian Pipeline Company
Approved on 19 November 1993
Estimated Cost: \$150 000
Order Number: XO-S9-43-93

Trans Mountain Pipe Line Company
Approved on 13 September 1993
Estimated Cost: \$64 500
Order Number: XO-T4-31-93

Trans Mountain Pipe Line Company
Approved on 15 September 1993
Estimated Cost: \$71 700
Order Number: XO-T4-37-93

Trans-Northern Pipelines Inc.
Approved on 3 September 1993
Estimated Cost: \$750 000
Order Number: XO-T2-32-93

Trans-Northern Pipelines Inc.
Approved on 14 October 1993
Estimated Cost: \$50 000
Order Number: XO-T2-40-93

Westpur Pipe Line Company (1985) Inc.
Approved on 24 September 1993
Estimated Cost: \$58 100
Order Number: XO-W2-36-93

Matters Pending

8. *Alberta Natural Gas Company Ltd - Pipeline Facilities*

On 28 October 1993, Alberta Natural applied for approval of a proposed expansion of its pipeline system in southeastern British Columbia.

Alberta Natural is proposing to expand its system to accommodate various long term contracts for new, firm transportation service, beginning 1 November 1995. The facilities applied for include an additional compressor unit at each of two stations, new aerodynamic assemblies for the existing compressors at both stations and appropriate piping, electri-

cal additions and modifications. The capital cost of the project is estimated at \$51.7 million.

The expansion facilities are intended to meet growing demand for natural gas in long term markets in southern British Columbia, the Pacific Northwest states of Idaho, Oregon and Washington, north-eastern California and northwestern Nevada. The project would provide about 1.14 million cubic metres (40.4 million cubic feet) per day of winter-only service for one domestic shipper and up to 9.11 million cubic metres (321.7 million cubic feet) per day of annual capacity for 10 export shippers.

9. *Niagara Gas Transmission Limited - Pipeline Facilities*

On 18 November 1993, Niagara Gas applied for approval to construct a pipeline under the Ottawa River.

Niagara Gas is proposing to construct approximately 10.5 kilometres of pipeline from an interconnection with an existing Ottawa System pipeline in the City of Gloucester, Ontario, to a point of interconnection with a proposed new pipeline in the Gazifère Inc.'s distribution system in Gatineau, Quebec. The company says it wants to construct the facilities now in order to avoid projected delivery problems in the winter of 1994-1995.

The company estimates the cost of the new facilities will be \$11.2 million.

10. *PanCanadian Petroleum Limited - Pipeline Facilities*

On 26 November 1993, PanCanadian applied for approval to construct a pipeline under the Ottawa River.

PanCanadian is proposing to construct approximately 14.5 kilometres of pipeline from an interconnection with the TransCanada PipeLines Limited's Ottawa sales gate meter station in the City of Gloucester, Ontario, to the Canadian Pacific Forest Products

Limited newsprint mill in Gatineau, Quebec. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site for an in-service date in August 1995.

The company estimates the cost of the new facilities will be \$8.4 million.

11. *TransCanada PipeLines Limited - Application for Contingency Projects*

In the RH-2-92 Reasons for Decision (TransCanada Tolls), the Board reduced TransCanada's average gross plant by approximately \$16 million as a result of the removal of certain projects which had not received Board approval at the time of the decision. In light of the Board's decision, TransCanada reviewed the manner in which it seeks Board approval for including section 58 projects costs in TransCanada's rate base.

TransCanada's application dated 16 June 1993 included three separate requests:

- 1) that the Board confirm that certain projects denied in the RH-2-92 the Reasons for Decision had been approved by the Board;
- 2) that the Board vary its Order XG-8-92, which approved the 1992 annual application, to reflect an increase in the total amount for contingencies from \$1 000 000 to \$3 423 000.
- 3) that the Board approve the 1993 contingency projects undertaken to date (\$5 551 000). In addition, TransCanada proposed that further amounts be included in the original amount for 1993 contingencies upon the filing of quarterly summaries of amounts incurred for contingency projects undertaken during the balance of 1993.

By letter dated 12 November 1993, the Board confirmed that certain projects denied the RH-2-92 Reasons for

Decision had been approved by the Board. The Board also denied TransCanada's request to vary Order XG-8-92 to reflect an increase in the total amount for 1992 contingencies.

For future annual section 58 applications which include an allowance for contingency projects, the Board requested that TransCanada provide an estimate of costs based on historical expenditures and forecasted maintenance activities. The Board also requested that TransCanada file, in conjunction with its annual Part IV application, reports outlining actual spending on contingency projects for the year.

12. TransCanada PipeLines Limited - 1994 Construction

On 27 September 1993, TransCanada applied for approval of 52 operations and maintenance projects with an estimated cost of \$65.57 million.

13. Trans Mountain Pipe Line Company Ltd. - Pipeline Facilities

On 29 October 1993, Trans Mountain applied for approval to expand its pipeline system from Alberta to British Columbia and Washington State.

The project involves the reactivation of an 81 kilometre pipeline loop between Edson, Alberta and Hinton, Alberta, the construction of a new pump station at Kingsvale, British Columbia, the installation of a domed roof on an existing tank at the company's Sumas, British Columbia tank farm and modifications at 10 existing pump stations. The expansion would permit Trans Mountain to ship an additional 6 000 cubic metres (38 000 barrels) per day of crude oil through its pipeline system to refineries in Washington State. The system's current capacity is approximately 36 600 cubic metres (230 000 barrels) per day.

Trans Mountain estimates that the project will cost \$27.5 million.

Traffic and Toll Matters

Matters Under Consideration

1. Review of Surveillance Reports filed Pursuant to the Toll Information Regulations

The Board has initiated a review of the surveillance reports currently filed pursuant to the Toll Information Regulations to determine if the information provided by the Group I pipeline companies in these reports could be presented in a more effective manner. On 4 October 1993, the Board issued a discussion paper outlining proposed modifications to the content and format of the surveillance reports.

The Board requested interested parties to provide comments on the discussion paper by 15 November 1993 and reply comments by 29 November 1993.

The comments received are currently under review.

2. Interprovincial Pipe Line Inc. - Class 2 Toll Application

On 29 September 1993, Interprovincial filed a Class 2 toll adjustment application requesting new tolls effective 1 January 1994.

The tolls requested by Interprovincial for shipments of light crude oil from Edmonton to Sarnia are, on average, 5.6 percent higher than the tolls which have been in effect since they were approved in 1992.

The company requested a net revenue requirement of approximately \$342.1 million, which is approximately 10.4 percent higher than the net revenue requirement approved in 1992. The company also requested that its rate of return on equity of 12.5 percent on a deemed equity ratio of 45 percent remain unchanged.

On 7 October 1993, the Board sent a letter to Interprovincial advising it that pro-

ceeding in the fashion requested by Interprovincial would exclude consideration of the 1992 Depreciation Study (see item 1 above), the Capitalized Charges Adjustment and cost of capital issues.

The Board decided to seek comments from interested parties and Interprovincial on the merits of holding a Class 3 proceeding to include an examination of these issues. Interprovincial and interested parties had until 19 October 1993 to file their comments. Interprovincial had until 22 October 1993 to file reply comments.

On 22 November 1993, Interprovincial amended its application in accordance with an agreement between the company and its Industry Task Force.

On 26 November 1993, the Board decided, in order to assess support for the settlement, to provide interested parties opposed to the settlement an opportunity to state their objections and the reasons therefor. Interested parties have until 10 December to comment and Interprovincial has until 15 December to reply to any comments received.

Electric Power Matters

Matters Completed

1. Cornwall Electric - Electricity Export

On 2 November 1993, Cornwall Electric applied for an increase in the quantity limits for Export Permit EPE-38 from 15 to 40 gigawatt hours for each of the years 1993 and 1994.

The Board approved the application on 25 November 1993.

2. Fraser Inc. - Electricity Export

On 29 July 1993, Fraser Inc. applied for a permit to export up to 60 megawatts of firm power and up to 400 gigawatt hours of firm energy in any consecutive twelve-month period to Fraser Paper,

Limited. The requested permit would commence on 1 January 1994 and end on 31 December 1996.

The Board approved the application on 16 September 1993.

3. *NW Energy (Williams Lake) Limited Partnership - Application to Export Electricity*

On 15 October 1993, NW Energy filed an application for authorization to export short-term capacity and energy and interruptible energy to customers in the United States. The application is for approval to export a maximum of 65 megawatts and 90 gigawatt hours during the period 23 November 1993 to 31 January 1994

The Board approved the application on 26 November 1993.

Matters Under Consideration

4. *Electricity Review*

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) enhance interprovincial trade in electricity;
- (ii) encourage greater cooperation between utilities; and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

By the end of 1993, the Board will submit a letter to the Minister outlining alternative measures that the federal government might consider to encourage increased interprovincial and international electricity trade.

5. *Cominco Ltd. - Application to Export Electricity*

On 14 October 1993, Cominco applied for authorization to export surplus electricity for a five-year period beginning 1 January 1994 to the Bonneville Power Administration in the Pacific Northwest area of the United States. The requested permits would replace four three-year permits which expire on 31 December 1993.

The quantity and type of energy to be exported remains unchanged. Cominco is requesting one permit for the sale of up to 1 000 gigawatt-hours of interruptible energy in any consecutive 12-month period and three other permits for the wheeling, exchange and unscheduled circulating flow of energy that will not result in any net exports.

The Board is seeking the views of interested parties on the application before issuing permits or recommending to the governor in Council that a public hearing be held. Interested parties were required to file written submissions by 30 November 1993.

6. *Manitoba Hydro - Application to Export Electricity*

On 8 October 1993, Manitoba Hydro applied for authorization to export firm power and energy to the Minnkota Power Cooperative, Inc. of Grand Forks, North Dakota. The electricity would be exported during the summer months (May to October) for a seven-year period, from 1995 to 2001, in accordance with the terms of a firm power contract executed in June 1993. Minnkota Power provides electrical service to customers in eastern North Dakota and northwestern Minnesota.

The application is for approval to export a maximum of 10 megawatts in 1995 and 1996; 40 megawatts in 1997 and 1998; 45 megawatts in 1999 and 2000; and 50 megawatts in 2001. The maximum amount of energy that could be exported under the existing contract is

44 gigawatt hours in 1995 and 1996; 177 gigawatt hours in 1997 and 1998; 199 gigawatt hours in 1999 and 2000; and 221 gigawatt hours in 2001. Manitoba Hydro states that the exports would allow it an opportunity to maximize the benefit from available surplus generation.

The Board is seeking the views of interested parties on Manitoba Hydro's application before issuing a permit or recommending to the Governor in Council that a public hearing be held. Interested parties were required to file written submissions with the Board by 15 November 1993.

7. *New Brunswick Power Corporation - Electricity Export*

On 30 July 1993, NB Power applied for an extension of the 27 April 1984 Power Purchase Agreement between NB Power and Bangor Hydro to allow NB Power to export up to 45 megawatts of power to 31 October 1997 under existing export Permit EPE-15.

The Board has sent two letters to NB Power requesting additional information.

8. *Ontario Hydro - Application to Upgrade and Existing International Power Line*

On 29 October 1993 Ontario Hydro applied for approval to revoke an existing Certificate of Public Convenience and Necessity for a single circuit international power line extending from the property of Boise Cascade Canada Ltd. in Fort Frances, Ontario, to the international boundary and to replace it with two new permits. One permit, issued to Ontario Hydro, would authorize the construction, ownership and operation and maintenance of a new single circuit international power line, on the same right-of-way, extending from the property of Boise Cascade to the international boundary. The second permit, issued to Boise Cascade, would authorize the construction and ownership of a

second new international power line to be located on the same towers

The Board is seeking the views of interested parties on the application before issuing the requested permits or recommending to the Governor in Council that a public hearing be held. Interested parties were required to file written submissions by 6 November 1993.

Other Matters

Safety Matters

1. *TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario*

On 9 December 1992, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally-regulated pipelines can be quickly and safely isolated."

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis. Responses to the Board's information request were due on 19 June 1993 and the Board expects to issue its final report in December 1993.

2. *Westcoast Energy Inc. - Rupture of the Fort Nelson Main Line*

Following an investigation by the Transportation Safety Board ("TSB") of a pipeline rupture which occurred on Westcoast's Fort Nelson Main Line in the vicinity of Pink Mountain, British

Columbia, the TSB recommended that "The National Energy Board ensure that the monitoring and surveillance programs of all federally regulated pipeline companies are adequate to detect slope movements which may affect pipeline integrity."

The incident in question occurred on 6 October 1990. In its report, the TSB found that the rupture was caused by cracking in a wrinkle on the pipeline surface leading to a brittle fracture of the pipe. The wrinkle was produced by excessive axial stresses on the pipeline which were brought about by the slow movement of the sloping ground in which the pipeline was buried. The TSB found that the slow downslope ground movement in the area was not detected by aircraft inspection.

On 26 November 1993, the Board directed all pipeline companies under its jurisdiction to include in their monitoring and surveillance programs any sensitive slopes on or near their rights-of-way which may affect pipeline integrity. Compliance with this directive will be monitored through the Board's normal procedure of documentation audits and routine facilities inspections. It will also be reviewed by Board staff in the course of periodic discussions with companies whose pipelines are potentially affected by slope movements.

Environmental Matters

1. *Inventory of Polychlorinated Biphenyls ("PCB's")*

On 29 July 1993, the Board sent letters to all pipeline companies under its jurisdiction requesting a review of their current PCB inventory status.

On 25 November 1988, the Board requested all pipeline companies under its jurisdiction to provide an inventory within their system of in-service equipment containing PCB's and of PCB-contaminated waste in storage. All companies were asked to confirm that their PCB waste storage facilities con-

formed to the requirements outlined in the Interim Order Respecting the Storage of Wastes Containing Polychlorinated biphenyls, issued pursuant to section 35 of the Canadian Environmental Protection Act.

The interim Order has been replaced by the Storage of PCB Material Regulations which were published in the Canada Gazette on 27 August 1992.

In response to the new regulations, the Board has decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCB's and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations.

Companies were requested to respond to the Board's letter by 10 September 1993.

The Board is currently updating its PCB Inventory list in accordance with the information provided by all companies under its jurisdiction.

Frontier Matters

Note: Matters concerning the Canada Oil and Gas Operations Act and regulations made thereunder currently appear on the regulatory agenda of the Department of Natural Resources Canada. Similarly, northern matters concerning the Canada Petroleum Resources Act currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. *Regulatory Initiatives*

(See also item 7 under Amendments to Regulations at page 18)

(a) *Canada Oil and Gas Occupational Health and Safety Regulations*

An update of the Canada Oil and Gas Occupational Health and Safety Regulations has commenced. At present these Regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation. After promulgation of the amendment, the Board's pipeline inspectors will apply these Regulations rather than the more general Canada Occupational Safety and Health Regulations.

A first draft of the amended regulations was reviewed with Labour Canada in August. Over the next year, subsequent drafts will be issued for review by other government departments and industry.

(b) *Guidelines for Frontier Geophysical and Geological Authorizations and Reporting*

A document summarizing the Board's Guidelines for Frontier Geophysical and Geological Authorizations and Reporting is in preparation.

(c) *Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil-Based Drilling Muds*

On 13 May 1993, the Board initiated a review of the Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil-Based Drilling Muds. The review will be conducted by a joint industry-government group consisting of federal government departments, offshore petroleum boards and oil industry representatives.

A second meeting of the joint government/industry review group was held in October 1993, in St. John's, Newfoundland. The basis for the scientific and technical review has been established with the view of reducing the review

time required by other government departments.

Due to delays in the review process, it is expected that updated guidelines will now be issued some time after March 1994.

(d) *Physical Environmental Guidelines for Drilling Programs on Frontier Lands*

The consultation process with industry, other federal government departments and regulatory agencies, and the independent offshore petroleum boards is in progress to review and update the oceanographic and meteorological provision of the Physical Environmental Guidelines. A meeting of the Physical Environmental Guidelines Evaluation Group was held in October 1993 in St. John's, Newfoundland. Modifications to the provisions were drafted to respond to evolving technologies and to provide for special requirements of the physical environmental programs during offshore oil and gas production.

Publication of the revised Guidelines is targeted for 31 March 1994.

2. *Environmental Assessment and Review ("EARP")*

Screening under the Environmental Assessment and Review Process was completed for the Panarctic Oil Ltd. application to alter the condition of a well and three proposals to the Panel for Energy Research and Development ("PERD"), two related to ice structure/interactions and one to the measurement of ocean waves by marine radar.

The findings for the Panarctic application was that the potentially adverse environmental effects were insignificant or mitigable with known technology and for the PERD proposals that there were no adverse effects.

3. *Production*

The pilot project to test the feasibility of increasing oil production by injection of propane started in the Norman Wells field. A meeting with Imperial Oil to assess the initial results of the project was held in September.

The Board is reviewing Imperial Oil Ltd.'s request to expand the Norman Wells Proven Area Agreement and extend the licence expiry date. Board staff met with Imperial, the Department of Indian and Northern Development and representatives of the Sathu Tribe to review the proposal.

4. *Environmental Studies Research Funds ("ESRF")*

In response to federal-provincial efforts to review the competitive climate on frontier lands, ESRF and the Board's Environment Directorate staff will participate on a working group to review the relevant section of the Canadian Petroleum Resources Act and the comparable provisions of part II of the federal-provincial Accord Implementation Acts pertaining to the ESRF.

The ESRF has awarded Request for Proposals #4363 (Remote Sensing Ice Detection Capabilities - East Coast) to Canpolar Inc. of Downsview, Ontario. Completion of the study is expected in March 1994.

5. *Diving*

The Chief Inspector of Diving, On behalf of the Canada-Nova Scotia Offshore Petroleum Board, conducted onsite diving inspection of DSV Discovery, when engaged by Lasmo in underwater work.

The Chief Inspector of Diving is presently examining two overseas diving schools applications for recognition as NEB acceptable training schools in accordance with the requirements of the Canada Oil and Gas Diving Regulations.

6. *Miscellaneous*

In September 1993, the Board released new results from its study of recoverable oil and gas resources in significant discoveries in Canada's northern frontier regions. The study includes the southern Northwest Territories, Mackenzie Valley and Yukon.

Studies

1. *1994 Supply/ Demand Report*

Earlier this year, the Board initiated an update of its long-term energy outlook, Canadian Energy Supply and Demand 1990 - 2010. For this update, scheduled for release in the first half of 1994, a number of changes were proposed to the approach taken in the analysis and report structure. These proposals were discussed with 60 industry, government and

other organizations across Canada during a series of meetings in May 1993. In addition, comments were sought and received on a number of issues affecting Canada's energy supply/demand outlook.

A summary of the consultations meetings and the decisions made by the Board, pursuant to these meetings, on the approach and report structure, may be obtained by contacting the Regulatory Support Office at (613) 292-4800.

2. *Natural Gas Market Assessment Reports*

As part of its activities, the Board monitors the Canadian natural gas market to detect any difficulties Canadians may have in adjusting to changes in natural gas supply and demand. In this regard, Natural Gas Market Assessment reports

which address specific short term gas market issues are published periodically.

The Board is in the process of producing two Natural Gas Market Assessment reports. The two studies will deal with the following subjects:

- (a) an analysis of the measures used by gas market participants to deal with the problems caused by short periods of very high demand in the recent past; and
- (b) an assessment of the current status of gas reserves and near-term deliverability in Canada.

The Board expects to release both reports in December 1993.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Board has under preparation a revised version of the Onshore Pipeline Regulations to incorporate a variety of changes related to the safety of pipelines under the Board's jurisdiction.

The Board expects to issue the draft revisions for comment by interested parties by late 1993.

2. Offshore Pipeline Regulations

(Status unchanged. For more details on this matter, see Issue No.44 of the Regulatory Agenda dated 1 March 1993 under Amendments to Regulations, item 2 on page 18.)

3. National Energy Board Part VI Regulations

The Part VI Regulations are being amended to reflect the September 1988 Canadian Electricity Policy. The provisions dealing with electricity have been removed from the Part VI Regulations and will be issued separately as Electricity Regulations (see item 4 below). As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see item 5 below).

On 10 August 1990 the Board submitted the proposed amendments to interested parties for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in

Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The Regulations were revised taking into consideration the comments received and sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the Canada Gazette at which time industry and members of the public will be given 30 days to comment on them. Governor in Council will then be in a position to make the Regulations.

4. Electricity Regulations

The Board is currently drafting Electricity Regulations which will reflect the September 1988 Canadian Electricity Policy. In October 1993, the Board issued the draft regulations for comment by interested parties. Parties had until 30 November 1993, later extended to 17 January 1994, to comment.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and a Schedule to the draft Rules of Practice and Procedure, and will streamline the Board's operations and reduce the level of regulation, in keeping with the government's more market-based approach to energy policy.

5. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the Canada Gazette at which time industry and the members of the public will be given 30 days to comment on them. Governor in Council will then be in a position to make the Regulations.

6. Regulations Pertaining to Crossings Involving International Power Lines

Following receipt of comments from interested parties on the draft International Power Line Crossing Regulations, the Board approved a new draft which was sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of the September 1988 Canadian Electricity Policy; the regulations will be resubmitted to the Department of Justice for examination and the Governor in Council for approval.

7. Regulations Pertaining to Frontier Oil and Gas Activities

On 2 April 1991, approximately 50 staff members from the Canada Oil and Gas Lands Administration ("COGLA") were transferred to the Board. This is a step in transferring COGLA's regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast offshore area. These responsibilities encompass the regulation of exploration for and the development and production of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the Canada Oil and Gas Operations Act, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Being Reviewed by the Department of Justice

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - amendments
Nova Scotia Offshore Area Petroleum Diving Regulations
Nova Scotia Offshore Petroleum Production and Conservation Regulations
Newfoundland Offshore Petroleum Production and Conservation Regulations
Canada Oil and Gas Geophysical Regulations

Newfoundland Offshore Area Petroleum Geophysical Regulations
Nova Scotia Offshore Area Petroleum Geophysical Regulations

Regulations Awaiting to be Reviewed by the Department of Justice

Newfoundland Offshore Area Petroleum Diving Regulation - Amendments

Regulations which have Received Department of Justice Approval and are Proceeding to Pre-publication

Canada Oil and Gas Diving Regulations - Amendments
Canada Oil and Gas Installation Regulations
Canada Oil and Gas Fitness Regulations
Canada Oil and Gas Production and Conservation Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Nova Scotia Offshore Petroleum Installations Regulations
Newfoundland Offshore Petroleum Installations Regulations
Nova Scotia Offshore Certificate of Fitness Regulations
Newfoundland Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum Drilling Regulations - Amendments
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations

Regulations Being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations

Pursuant to an administrative arrangement between the Board and the Department of Energy, Mines and Resources, the Engineering Directorate is also working with the provinces of

Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Rules of Practice and Procedure

The Board is revising its Rules of Practice and Procedure. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board. The schedules which form part of the Rules provide samples of forms.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the Canada Gazette. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the National Energy Board Act and changes in export regulation.

Interested Parties had until 19 February 1993 to file comments on the proposed changes.

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the Canada Gazette.

Administrative Matters

Retirement

Mr. R. B. Horner retired as a Board Member on 5 November 1993. Mr. Horner was appointed Member of the Board on 5 May 1979.

Electronic Regulatory Filing ("ERF") - Progress Report

The ERF Project is running full steam ahead. A project manager was hired at the end of August of this year. Earlier this fall, the Chairman addressed the Annual Meeting of the Ontario Natural Gas Association and expressed the three-fold purpose of ERF: affordable government, working smart and improving service.

The Board is undertaking this project collaboratively with industry. The Chairman wrote to leaders of the energy community and provincial governments soliciting their cooperation. Consequently, an External Implementation Committee has been established, representing a broad spectrum of interests. The Board has started the initial phase called the Conference Room Pilot. This essentially comprises a prototype embodying an integration of hardware and software tools like document management, telecommunications and work flow. These tools will be used in an exercise of business re-engineering to modify and improve existing business practices and office procedures within the Board. The purpose of this Pilot is to demonstrate the concepts and tools of ERF. It will also afford people a chance to actually see these ideas in action. For instance, the Conference Room Pilot has components like:

- Electronic Repository
- Document Manager
- Imaging Module, including Optical Character Recognition (OCR)
- Electronic Distribution.

The Board has requested private consultants to submit tenders. The contract should be tendered by mid-December. This initial phase is scheduled to be completed by mid April 1994.

Pipeline Task Force - National Energy Board and Energy Resources Conservation Board of Alberta

The Canada-Alberta Action to Reduce Overlap and Duplication has led to the establishment of a Pipeline Task Force comprised of staff from the NEB and the ERCB which will identify technical areas related to pipeline safety and environmental issues where cooperation between the two agencies could be increased. The task force is looking for areas where increased cooperation and coordination could result in more efficient use of resources within the ERCB and the NEB. It is hoped that this process will lead to reduced regulatory burden on the public and the pipeline industry through consistent and compatible regulatory requirements, and more expeditious regulatory processes. The task force will meet quarterly and advise both Boards of progress after each meeting.

Advisory Panel on Regulatory Review - Board Action

The following is a status report on the specific action being taken or contemplated by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review.

The Guidelines for the Filing of Information by Companies for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consultation; the process should take cognizance of information formats consistent with industry practice; the

need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".

The Guidelines are presently being reviewed internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested parties for comment.

The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.

The Board is presently reviewing the Guidelines internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested parties for comment. In revising the Guidelines, the Board has been mindful of the costs and benefits of the changed requirements. For the most part the revisions represent an extension of the existing approach which has developed since 1979. In the past, there has not been overlap and duplication of socio-economic assessments of international and interprovincial pipelines at the provincial or municipal levels. The practice is for these levels of government to rely on the Board's process. The updating and refinement of the Board's process should, if anything, strengthen support for continuing with this approach.

The changes proposed reflect evolving industry practice in undertaking socio-economic assessments and/or the inclusion of matters that will have to be

covered once the Canadian Environmental Assessment Act ("CEAA") is proclaimed. By explicitly taking into account the CEAA requirements at this stage, overlap, duplication and delay at the federal level may be avoided by reducing the likelihood of a second or parallel assessment.

Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing industry construction/operation and worker safety standards.

The regulations are presently being reviewed internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested parties for comment.

Draft NEB Electricity Regulations dealing with both, International Power Lines and Electricity Exports should not be Gazetted before completion of the current round of consultations with affected industries; a revised memorandum of Guidance respecting these changes will be released outlining all the changes in the subject regulations; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.

The Draft Regulations were forwarded to interested parties for comment in October 1993. It is expected that the Draft Regulations will be forwarded to the Privy Council Office - Justice in March 1994.

A Memorandum of Guidance respecting changes to the processing procedures for international power lines and elec-

tricity export applications was released to the public by the Board on 14 July 1993.

Regarding the issue of system reliability, at present the Board does not conduct its own reliability analysis as part of its consideration of an International Power Line application. The Board does and will continue its practice of relying on the regulated electric utility industry to resolve any reliability concerns related to proposed exports or international power line proposals and to provide such evidence in their application. Only in exceptional cases where reliability issues have not been resolved does the Board become involved.

Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.

The clarification that the Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated in the Guidelines which are contained in Appendix IV to the 14 July 1993 Memorandum of Guidance.

Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.

On 4 October 1993, the Board issued for comment to the Group I companies and other interested parties a paper outlining proposed modifications to the content and format of the Group I companies

surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. Comments from the Group I companies and other interested parties were due on 15 November 1993 and reply comments were due on 29 November 1993.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period. In October, the Board sent a letter to all interested parties informing them of that decision.

The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.

A consensus does not exist on the incentive regulation concepts discussed at the Incentive Regulation Workshop held in January 1993. Nevertheless, the Board is pursuing a number of follow-up initiatives. These include a re-evaluation of the financial information required to be filed by pipelines to ensure that only relevant data are collected and then in a way that facilitates analysis of pipeline performance, assessment of the feasibility of developing further indicators of pipeline performance, a re-examination of the Board's audit policy and consideration of more efficient processes for determining pipeline return on equity. The development of initiatives will involve full consultation with interested parties.

In May 1993, the Board issued a discussion paper outlining a possible approach to a generic determination of rate of return on equity. On 20 July 1993, after reviewing submissions from interested parties, the Board determined, given the absence of consensual support for a generic approach to establishing rate of return, that it would not propose to hold

a generic rate of return hearing. The Board will be setting down toll applications for hearing in the usual way.

The Board is presently reviewing its September 1988 negotiated settlement guidelines. Following the internal review, a revised version of the settlement guidelines will be forwarded to industry and other interested parties for comment.

Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.

The Board is presently reviewing the Guidelines internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested parties for comment.

NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.

The Board has initiated discussions with interested parties to determine whether harmonization with provincial technical standards for crossings can be achieved in time for the Board's scheduled revision of the Crossing Regulations in 1994.

Memorandum of Guidance on NEB Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.

The Board is presently reviewing the Memorandum of Guidance internally. Following the internal review, a revised version of the Memorandum of Guidance will then be forwarded to industry and other interested parties for comment.

NEB Yellowknife Office

The Board has decided it will close its northern operations office in Yellowknife, effective in the spring of 1994, and relocate the staff to Calgary. The Yellowknife office employs five people, three of whom are inspectors for northern energy operations, both offshore and onshore.

The decision was prompted by the current low level of exploration activity, to make more effective use of staff and to reduce cost. If the number of geophysical and drilling operations increases significantly in the future, consideration will be given to re-establishing a field office in proximity to the active region.

Speeches

"Negotiated Settlements at the National Energy Board" a presentation by C. Bélanger, Board Member, to a workshop on The Settlement Process in B.C. sponsored by BC Gas Utility Ltd. on 8 September 1993 in Vancouver, British Columbia.

"Pipeline Safety in Canada" a presentation by G. Yungblut, Director General,

Engineering Directorate, to the Special OMAE (Calgary Chapter) Pipeline luncheon on 17 September 1993 in Calgary, Alberta.

"A Progress Report From The National Energy Board" a presentation by R. Priddle, Chairman, to the Ontario Natural Gas Association 67th Annual Conference on 23 September 1993 in Toronto, Ontario.

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

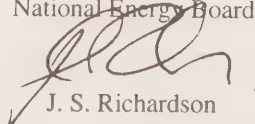
A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
Pipeline	35	(iv) Tolls	
Power Line	30	Class I and II Adjustments	20
(ii) Export licences or Permits		Interim Orders	20
Natural Gas	35	Operating and Maintenance Budgets	20
Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) Natural Gas		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines	
Orders for Transmission Access	20	(Sec. 58)	20
Licence Amendments	20	Certificate Amendments	20
Amendments to Export Contracts	20	Certificate Revocations	20
Licence Revocations	20	Leave to Sell or Transfer	20
		Incident Reports	20
(ii) Electricity Exports		(vi) Other	
Orders	15	Application for Review	20
Licence or Permit Amendments	15		
Licence or Permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Lillian Handelman	299-2741
Member	Anita Côté-Verhaaf	299-2739
Secretary	Deborah Larch	299-2738
Member	Céline Bélanger	299-2737
Secretary	Deborah Larch	299-2738

Information Technology Branch

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692
Chief, User Services	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603
Project Manager, Electronic Regulatory Filing	Kenneth Wing	299-3605
Chief, Network Management	Monique Girard	299-3604

OFFICE OF THE SECRETARY

Member	Roy Illing	299-2729	Secretary	Scott Richardson	299-2711
Secretary	Mona Butler	299-2728	Admin. Coordinator A/Secretary	Rita Bargetzi	299-2715
Member	Kenneth W. Vollman	299-2730		Stella Peters	299-2712
Secretary	Mary Lou Scharf	299-2734	A/Asst. Secretary, Regulatory	Karla Reesor	299-2714
Member	Robert Andrew	299-2736	Asst. Secretary, Communications	Ann Sicotte	299-2713
Secretary	Lillian Handelman	299-2741			

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700	Communications Officer	Denis Tremblay	299-2717
Admin. Coordinator	Wilma Philp	299-2701	Communications Officer	Ross Hicks	299-3930
<i>Finance and Administration Branch</i>			Manager, Library	Helen Booth	299-3562
			Library, Information		299-3561

Director	Jim Klotz	299-3684	Board Distribution		
Secretary	Judy Kelso	299-3692	Centre		292-4800

<i>Personnel Branch</i>			General Information		292-4800
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ENERGY REGULATION DIRECTORATE

Director	Jim Thompson	299-3694	Director General	Peter Miles	299-3154
Secretary	Sylvie Joannis	299-3695	Admin. Coordinator	Jan Dane	299-3155

Corporate Planning and Review Branch

Director	Claire Scott	299-2747	<i>Economics Branch</i>		
Secretary	Francine Poudrette	299-2748	Director	John Hayward	299-3621
Manager, Internal Audit	Roy E. Aylett	299-2749	Secretary	Carmen Maier	299-3622
Manager, Corporate Planning and Program Evaluation	Ghislaine Joly	299-2750	Assistant Director and Manager, Regulatory Economic Division	Glenn Booth	299-3621

Electric Power Branch

Director	Alex Karas	299-3165
Secretary	Jan McClintock	299-3166

Assistant Director and Chief, Regulatory	Ivan Harvie	299-3167
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Chief, Generation Planning	Alec Penman	299-3180
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Gas and Oil Branch

A/Director	Hans Pols	299-3195
Secretary	Linda Byers	299-3185

Assistant Director and Chief, Transportation and Oil Exports		299-3195
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A/Chief, Gas Export	Cliff Brown	299-3190
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Chief, Market Analysis and Export Surveillance	Sandra McDonough	299-3186
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Financial Regulation Branch

Director	Gaétan Caron	299-3646
Secretary	Janet Soucy	299-3648

Asst. Director and Chief (TQM, ANG and Group 2 pipelines)	Vacant	292-5048
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Chief (IPL, TNPI and Cochin)	Vacant	299-3649
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Chief (Westcoast and TMPL)	Albert Fung	299-3662
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Chief (TCPL and IPL(NW))	Steve Brown	299-3653
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ENGINEERING DIRECTORATE

Director General	Glenn Yungblut	299-2788
Admin. Coordinator	Cecilia Cupido	299-2752

Special Advisor - Diving	Jan Merta	299-2791
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Operations and Safety

Director	Fred Lepine	299-2790
Secretary	Margaret Merta	299-2787

Regional Manager (Yellowknife)	Andy Graw	403-920-8178
Secretary	Jocelyn Ray	403-920-8175

Facilities and Production

Director	Terry Baker	299-2792
Secretary	Karen Befus	299-2789

Pipeline Engineering Branch

Director	John McCarthy	299-2766
Secretary	Vacant	299-2758

Chief, WEI and IPL	Brenda Kenny	299-2761
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A/Chief, Gas Pipelines East	Paul Trudel	299-2768
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Chief, Group 2 Pipelines and Oil Pipelines	Franci Jeglic	299-2774
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Chief, Safety	Jake Abes	299-2777
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A/Chief, ANG/Foothills/ NPA	Robert Power	299-2769
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ENVIRONMENT DIRECTORATE

Director General	Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalfe	299-3676

Environment and Lands Branch

Director	Vacant	299-3665
Secretary	Pat Cormier	299-3666

Asst. Director and Chief, Environment	Steve Pierce	299-3668
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Chief, Operational Programs	Gord Higginson	299-3672
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Pollution Control Division

Director	Jim McComiskey	299-3677
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Physical Environment Division

Director	Oleh Mycyk	299-3678
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Emergency Response and Financial Liability Division

Director	Jim Anderson	299-3682
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Environmental Studies Research Funds

A/Manager Brian Nesbitt 299-3679

ENERGY RESOURCES DIRECTORATE

Director General Graham Campbell 299-3102
Secretary Lorraine Welsh 299-3103
Admin. Coordinator Ruth Grenville 299-3517

***Crude Oil, NGL
and Coal Supply Division***

Chief Gerrit Hos 299-3120

Natural Gas Supply Division

Chief Paul Bourgeois 299-3149

Reservoir Engineering Division

Chief Cliff Gemeroy 299-3138

Geology and Resource Assessment Division

Chief Bruce Young 299-3147

Operations and Reserves

Chief Giles Morrell 299-3117

LAW BRANCH

General Counsel Judith Snider 299-2703

Assistant General Counsel Vacant 299-2705

Secretary Maureen Cooley 299-2704

Counsel Margery Fowke 299-2708

Counsel Diane Champagne 292-6495

Secretary Elizabeth Arden 292-6540

Counsel Peter Noonan 299-3552

Counsel Lori Ann Boychuk 299-2707

Counsel Judith Hanebury 292-6497

Secretary Susan Gudgeon 299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to transfer the regulatory functions of the Canada Oil and Gas Lands Administration to the National Energy Board. When this occurs, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

National Energy Board
311 - Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2

Regulatory Agenda

Issue No. 48

(The period covered in this Regulatory Agenda is 1 December 1993 to 28 February 1994)

March 1994

Applications Considered by Public Hearing

Recent Hearing Decisions

1. *Interprovincial Pipe Line Inc. - Facilities - OH-1-93*

Reasons for Decision dated December 1993; issued on 31 January 1994.

The Board held a public hearing from 22 to 30 November 1993 in Calgary on an application from Interprovincial to expand its pipeline facilities during 1994.

The Board approved the construction of approximately 491 kilometres (304 miles) of 508 millimetre (20 inch) diameter pipeline in or adjacent to the existing Interprovincial right-of-way from Hardisty, Alberta to Regina, Saskatchewan and the reactivation of a currently idle pipeline between Regina and Cromer, Manitoba which will tie into an existing pipeline from Cromer to Gretna. The expansion will increase capacity by 27 100 cubic metres (170 000 barrels) per day at an estimated cost of \$256 million.

The Certificate requires Governor-in-Council approval before it may take effect.

2. *Natural Gas Export Applications - GH-5-93*

Decisions on five of seven applications were rendered on 31 January 1994; Reasons for Decision to follow.

The Board approved applications from three companies for 14 licences to export natural gas and for amendments to two existing natural gas export licences. The Board deferred its decision on applications from two companies for export licences (refer to item 2 under Hearing Decisions Pending on page 2).

The Board considered the applications at a public hearing held on 31 January 1994 in Calgary.

The applications approved are described below.

The Board approved Brooklyn Navy Yard Cogeneration Partners, L.P.'s application for a 15-year licence to

export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario. The natural gas will be used to fuel a cogeneration facility to be constructed by Brooklyn Navy Yard in Brooklyn, New York.

The Board approved three applications from ProGas Limited to amend two existing natural gas export licences and for the issuance of eight natural gas export licences.

The first ProGas application approved is for six licences, for terms of seven and ten years, to export some 1 681 500 cubic metres (59.4 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences are for the

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National

Energy Board

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



export of natural gas to Michigan Gas Utilities, Wisconsin Fuel & Light Company, Wisconsin Gas Company, Wisconsin Natural Gas Company, Wisconsin Power & Light Company and Wisconsin Public Service Corporation, six local distribution companies in the states of Michigan and Wisconsin. The Board also approved an amendment to an existing licence by reducing the authorized export volumes.

The second ProGas application approved extends the term of an existing licence by seven years and increases the total quantity of natural gas that may be exported during the term of the licence from 13.8 billion cubic metres (487.3 billion cubic feet) to 19 billion cubic metres (671.2 billion cubic feet). Under that licence, ProGas exports natural gas to Northeast Energy Associates and North Jersey Energy Associates. The natural gas is used to fuel two cogeneration plants in Bellingham, Massachusetts and Sayreville, New Jersey.

The third ProGas application approved is for two licences, with terms of four and nine years, to export a total of 413 800 cubic metres (14.6 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences are for the export of natural gas to the Wisconsin Gas Company and Wisconsin Public Service Corporation, two local distribution companies located in the State of Wisconsin. The Board also approved an amendment to an existing licence by reducing the authorized export volumes.

The Board approved Western Gas Marketing Limited's application for five licences to export a total of 4.5 million cubic metres (159.1 million cubic feet) of natural gas per day at Emerson, Manitoba. The natural gas will be exported to Wisconsin Gas Company, Wisconsin Public Service Corporation, Wisconsin Natural Gas Company, Wisconsin Power & Light Company and Wisconsin Fuel & Light Company, five local distribution companies located in the State of Wisconsin.

The new licences and the amendments to the existing licences require Governor-in-Council approval before they may take effect.

3. *Trans Mountain Pipe Line Company Ltd. - 1993 and 1994 Tolls - RH-3-93*

Decision issued on 7 February 1994; Reasons for Decision to follow.

The Board held a public hearing from 29 November to 16 December 1993 in Vancouver and Calgary on an application from Trans Mountain for approval of 1993 and 1994 tolls.

The Board approved a rate of return on common equity of 11.5 percent for 1993 and 11.25 percent for 1994, while maintaining a deemed common equity ratio of 47.5 percent. The 1992 rate of return on common equity was 12.5 percent.

Hearing Decisions Pending

1. *Westcoast Energy Inc. - 1994 Tolls - RH-2-93*

The Board held a public hearing from 18 October to 2 November 1993 in Vancouver and Calgary on an application by Westcoast for approval of 1994 tolls.

Westcoast applied for an overall toll decrease of 1.1 percent from tolls approved for 1993. The company, in estimating its 1994 cost of service, utilized a rate of return on common equity of 12.5 percent, compared with an approved rate of return of 12.25 percent for 1993. The capital structure utilized in the application includes a common equity component of 35 percent which is unchanged from that approved by the Board for 1993.

2. *InterCoastal Pipe Line Inc. and Interprovincial Pipe Line Inc. - Pipeline Facilities - GH-4-93*

The Board held a public hearing from 10 January to 4 February 1994 in London, Ontario, on applications from InterCoastal and Interprovincial regarding oil pipeline facilities.

InterCoastal applied for leave to purchase Interprovincial's existing Line 8, including the transfer to InterCoastal of the related Certificates and Orders and to convert the existing Line 8 from crude oil to natural gas; and for authorization to construct additional facilities. InterCoastal also applied for approval of its tariff for transportation service, toll design and cost allocation methodologies and InterCoastal's interim tolls. Interprovincial applied for authorization to abandon the operation of Line 8 as a crude oil pipeline and to sell the facilities to InterCoastal.

InterCoastal is part of a proposed larger international natural gas pipeline system known as the InterCoastal Project that would also include natural gas facilities in the United States to be constructed and operated by ANR Pipeline Company of Detroit, Michigan, and known as the ANR Segment.

The system would have the capacity to transport up to 3.8 million cubic metres (133 million cubic feet) per day of natural gas to markets in eastern Canada and the northeast United States for the period 1 November 1994 to 31 October 1996, and up to 5 million cubic metres (175 million cubic feet) per day thereafter. InterCoastal proposes to be in service by 1 November 1994.

InterCoastal is proposing to convert 209.7 kilometres (130.3 miles) of existing crude oil pipeline currently owned by Interprovincial to natural gas service. The existing pipeline extends from Interprovincial's Sarnia, Ontario terminal to Millgrove Junction in the Regional Municipality of Hamilton-Wentworth. InterCoastal proposes to construct new facilities which include 19.7 kilometres (12.2 miles) of 610 millimetre (24-inch) pipe and related facilities extending from a point of connection with the ANR System at the international border under the St. Clair River to a point of connection with the existing system at Interprovincial's Sarnia Terminal. Also included in the Sarnia area is a 1.9 kilometre (1.2 mile) 610 millimetre

(24 inch) lateral extending from a point approximately 7.4 kilometres (4.6 miles) from the St. Clair interconnection to a point of connection with the gas storage facilities of Tecumseh Gas Storage, a division of The Consumers' Gas Company Ltd. From Millgrove Junction, approximately 22.4 kilometres (13.9 miles) of 508 millimetre (20 inch) pipeline would be constructed to interconnect with the Consumers' Gas distribution system near Oakville.

3. *Natural Gas Export Applications - GH-5-93*

The Board held a public hearing on 31 January 1994 in Calgary on seven applications from five companies for 16 licences to export natural gas and to amend two existing natural gas export licences. The Board approved five of the seven applications on 31 January 1994 (refer to item 2 under Recent Hearing Reports and Decisions on page 1). The Board deferred its decisions on the two applications below.

Husky Oil Operations Ltd.'s application for a 15-year licence to export some 398 000 cubic metres (14.0 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The natural gas would be used to fuel a power production facility to be constructed by Tenaska Washington Partners II, L.P. near Tacoma, Washington.

Shell Canada Limited's application for a 15-year licence to export some 609 000 cubic metres (21.5 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The natural gas would be used to fuel a power production facility to be constructed by Tenaska Washington Partners II, L.P. near Tacoma, Washington.

Hearing in Progress

1. *TransCanada PipeLines Limited - 1994 Tolls - RH-4-93*

The Board commenced a public hearing on Monday, 7 February 1994 in Ottawa

on an application by TransCanada for approval of 1994 tolls.

The tolls requested by TransCanada for the Eastern Zone average 2.1 percent higher than the tolls in effect during 1993.

TransCanada has also requested a 6.7 percent increase in its revenue requirement, to \$1,636.5 million from \$1,533.9 million and a rate of return on common equity of 12.50 percent on a common equity ratio of 30 percent. This compares to a rate of return on common equity of 12.25 percent on a common equity ratio of 30 percent that the Board approved for TransCanada for 1993.

Hearings Scheduled

1. *Alberta Natural Gas Company Ltd - Pipeline Facilities - GH-6-93*

The Board will hold a public hearing, at a date and location to be announced, on an application by Alberta Natural Gas for approval of an expansion of its pipeline system in southeastern British Columbia.

The expansion involves additions and modifications to two of Alberta Natural Gas' three existing compressor stations, located near Elko and Moyie (including a new compressor unit at each site). The estimated cost of the project is \$52 million.

The expansion would provide about 1.14 million cubic metres (40.4 million cubic feet) per day of winter-only service for one domestic shipper (BC Gas Utility Ltd.) and up to 9.11 million cubic metres (321.7 million cubic feet) per day of annual capacity for ten export shippers, commencing November 1994. The export portion of the project is intended to serve two market regions, the Pacific Northwest (the States of Idaho, Oregon and Washington) and northeastern California/northwestern Nevada.

2. *Westcoast Energy Inc. - Sukunka Fuel Gas Pipeline - GH-1-94*

The Board will hold a public hearing commencing on Wednesday, 20 April

1994 in Fort St. John, British Columbia on an application from Westcoast to construct a fuel gas pipeline, known as the "Sukunka Fuel Gas Pipeline", in north-eastern British Columbia.

Westcoast is proposing to construct approximately 51 kilometres (32 miles) of pipeline to transport sweet fuel gas from Westcoast's Pine River Gas Plant to natural gas production facilities in the Sukunka and West Sukunka area. The estimated cost of the facilities is \$8.1 million.

Westcoast also applied for approval of the tolls and tariffs associated with service through the proposed pipeline facilities.

3. *Alberta Natural Gas Company Ltd - Interim Tolls Effective 1 November 1993*

The Board will hold a public hearing, date and location to be announced at a later date, on certain issues regarding Alberta Natural Gas' tolls.

On 28 October 1993, Alberta Natural Gas filed a new tariff to be effective 1 November 1993, which provided for a deemed common equity ratio of 35 percent and a return on equity of 12.5 percent. At the time, Alberta Natural Gas informed the Board that all interested parties were not in agreement with the revised tariff and negotiations were continuing with a view to avoid costly and time consuming proceedings before the Board. The Board issued Order TGI-2-93 making the new tariff interim effective 1 November 1993.

Nine interested parties expressed concerns that the interim tolls were based on the proposed 35 percent equity ratio and 12.5 percent return on equity rather than the 30 and 12 percent approved by the Board in RHW-1-92 dated September 1992. These interested parties wanted the Board to amend the interim toll order to reflect the return on common equity and equity ratio at the pre-expansion level.

On 24 November 1993, Alberta Natural Gas responded to the interested parties concerns.

On 2 December 1993, the Board sent a letter to interested parties advising them that, pursuant to the Board's letter to Alberta Natural Gas of 16 March 1987, Alberta Natural Gas may file new tolls that reflect changed circumstances. The tolls filed on 28 October 1993 have been made interim pending the Board's review. The Board decided that it was not prepared, for the purpose of setting interim tolls, to express preliminary judgement on specific components of cost of service such as the capital structure or the return on equity underpinning the revised tolls, and to adjust the interim tolls accordingly, as this would go to the merit of the issues before the Board.

On 3 December 1993, Alberta Natural Gas filed a revised Statement of Effective Rates and Charges with the Board, effective 1 January 1994, to

reflect its actual cost of service for the period 1 July 1993 to 30 September 1993. The rate of return on equity and common equity ratio remained unchanged from the interim level.

On 8 and 18 February 1994, respectively, the Canadian Association of Petroleum Producers and the Alberta Petroleum Marketing Commission informed the Board that negotiations with Alberta Natural Gas to resolve the cost of capital related issues have proved fruitless and that the outstanding issues could only be resolved through a hearing process. In a letter dated 9 February 1994, Albeyurta Natural Gas advised the Board that it had been unable to reach a settlement with its shippers to date, particularly with respect to the level of common equity ratio and requested that the Board hold an oral hearing at the earliest possible time to resolve these issues.

4. *Natural Gas Export*

The Board is considering holding its next public hearing on applications for natural gas export licences in June 1994. For the past few years, the Board has held gas export hearings on a regular basis. In continuing this practice, the Board has decided to call for export applications for a hearing in June 1994.

The Board has given notice to all potential applicants that completed applications must be filed on or before 8 April 1994 in order to be included in a June proceeding. Following the 8 April 1994 filing deadline, the Board will issue its hearing order and directions on procedure for those applications which are to be included in the June 1994 hearing.

Matters Considered by Written Submission

Matters Completed

1. *Licensing of Long-term Exports of Oil Sands Production*

In a letter dated 13 May 1993 addressed to the Board, the then Minister of Energy, Mines and Resources (now Natural Resources Canada), the Honourable Bill McKnight, P.C., M.P., stated that the Department was participating in a steering committee charged with organizing a national task force on oil sands strategies. He noted that this is a joint government-industry effort to "explore various ways to improve the commercial viability of oil sands production" and that, among other things, the task force would review "the efficiency and effectiveness of the present regulatory process as it impacts on commercial prospects for oil sands and its ability to attract capital".

In this context, the Minister asked the Board to review and report on the regulatory mechanisms regarding long-term exports of oil from oil sands development including:

- the status and appropriateness of the current regulatory regime insofar as it applies to oil produced from oil sands developments;
- the process that should be required for an investor to obtain a long-term export licence;

- the feasibility of treating oil processed from oil sands differently from conventional oil;

- if a different regime for oil sands were judged appropriate, whether this should apply to new projects only, or to a particular class of projects; and

- any suggestions for changes to the existing legislation and regulations to clarify the process and/or the basis on which regulatory decisions are to be made.

In August 1993, the then Minister of Energy, Mines and Resources the Honourable Barbara Sparrow, P.C., M.P., reaffirmed the importance of this review and encouraged the Board to proceed with seeking public input in the matter. In a letter dated 14 December 1993, the Honourable A. Anne McLellan, the present Minister of Energy, Mines and Resources, indicated to the Board her desire that it continue its work on this matter.

To respond to the Ministers' request, the Board decided to conduct a written review. To facilitate the preparation of submissions, the Board issued a discussion paper for consideration and comments.

The Board submitted a report to the Minister of Energy, Mines and Resources in February 1994, which may

be made public with the approval of the Minister.

Matters Under Consideration

2. *Trans Mountain Pipe Line Company Ltd. - Pipeline Facilities - OHW-1-93*

Trans Mountain applied for approval to expand its pipeline system through Alberta, British Columbia and into Washington State.

Trans Mountain's project involves: the reactivation of an 81 kilometre (50 mile) pipeline loop between Edson, Alberta and Hinton, Alberta; the construction of a new pump station at Kingsvale, British Columbia; the installation of a domed roof on an existing tank at the company's Sumas, British Columbia tank farm; and modifications at 10 existing pump stations. The estimated cost of the project is \$27.5 million. The expansion would permit Trans Mountain to ship an additional 6 000 cubic metres (38 000 barrels) per day of crude oil through its pipeline system to the west coast. The system's current capacity is approximately 36 000 cubic metres (230 000 barrels) per day.

Final arguments are due on 18 March 1994.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are either dormant or still under consideration.

Dormant

Status unchanged, see issue No. 47 of the Regulatory Agenda dated 1 December 1993 on page 5.

Reviews and Appeals

Review Under Consideration

1. *Foothills Pipe Lines Ltd. - Reasons for Decision RH-1-93 - 1993 Tolls*

On 21 December 1993, Foothills filed an application for review of the Board's Reasons for Decision of proceeding RH-1-93 regarding Foothills' tolls for 1993.

In its RH-1-93 decision, the Board approved a rate of return on common equity of 11.5 percent. The company had applied for 13 percent, but reduced its request to its previously approved rate of 12.5 percent at the beginning of the public hearing. The Board also approved a common equity ratio for Foothills of 28 percent. The company had applied for a common equity ratio of 35 percent and had been operating since its inception in 1981 with an actual common equity component of 25 percent, plus or minus five percent.

Foothills' application for review refers to certain aspects of the Board's decision related to the company's business risks and common equity ratio.

On 11 January 1994, the Board decided to seek the views of interested parties on whether or not the Board should conduct the review. Interested parties in the RH-1-93 proceeding had until 10 February 1994 to file comments and Foothills had until 21 February 1994 to file replies to the comments received.

(Refer to item 5 under *Appeals Under Consideration*.)

Appeals

Appeal Completed

1. *Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) (EH-3-89)*

On 24 February 1994, the Supreme Court of Canada decided to uphold all aspects of the Board's August 1990 Decision to issue electricity export

licences to Hydro-Québec subject to conditions relating to the completion of environmental assessments of future generating facilities as they related to the proposed export.

Following public hearings in February and March 1990, the Board granted Hydro-Québec licences for the export of electricity to the states of New York and Vermont. At the time the licence application was filed, the Board was required to satisfy itself that the power sought to be exported was not needed to meet reasonably foreseeable Canadian requirements and that the price to be charged by the applicant was just and reasonable in relation to the public interest. After the hearing, but prior to the Board's ruling, these two explicit criteria were removed from the NEB Act, leaving only the requirement that the Board is to have regard to all conditions that appear to it to be relevant. In evaluating the environmental impact of the applications, the Board considered itself bound by both, the NEB Act, as amended, and the Environmental Assessment and Review Process Guidelines Order. The licences were granted subject to two conditions relating to the completion of environmental assessments of future generating facilities as they related to the proposed export and compliance with federal environmental standards and guidelines.

On 26 October 1990, Hydro-Québec, Le Procureur général du Québec and the Grand Council of the Crees (of Quebec) filed applications in the Federal Court of Appeal for leave to appeal the Board's decision. (For more details on the Appeals and the Federal Court of Appeal's decision, refer to issue No. 42 of the Regulatory Agenda dated September 1992 at page 13.)

The Federal Court of Appeal rejected the appellants' arguments that the Board erred in several respects in granting the licences, but allowed the appeal by Hydro-Québec and le Procureur général, concluding that the Board had exceeded its jurisdiction in imposing the environ-

mental conditions in the licences. It severed these conditions and allowed the licences to stand.

On 30 October 1991, the Grand Council and the Cree Regional Authority filed an application with the Supreme Court of Canada for leave to appeal the decision of the Federal Court. The Supreme Court heard the case on 13 October 1993.

2. *TransGas Limited - WBI Canadian Pipeline, Ltd. - NEB Decision Dated 25 February 1993*

On 26 March 1993, TransGas applied to the Federal Court of Appeal for leave to appeal the Board's Decision dated 25 February 1993 in which it denied an application by WBI Canadian to construct a 1.15 kilometre pipeline crossing the international border in the vicinity of North Portal, Saskatchewan. (Refer to issue No. 44 of the Regulatory Agenda dated 1 March 1993, item 8 under *Pipeline Matters, Matters Completed* on page 10.) TransGas sought the appeal on the basis that the Board erred in law and jurisdiction in denying WBI Canadian's application.

TransGas had also applied to the Board for a review of its decision. The Board issued its Reasons for Decision on the application for review on 5 October 1993 (refer to issue No. 47 of the Regulatory Agenda, dated 1 December 1993, at page 6 under *Reviews Completed*).

TransGas withdrew its leave to appeal application on 5 January 1994.

Appeals Pending

3. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation.

Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

4. R. E. Wolf - Application For Leave to Appeal the Board's Order XG-W5-28-93 Issued to Westcoast Energy Inc. - Pine River Gas Plant and Grizzly Pipeline System - GH-1-93

On 30 November 1993, the Federal Court of Appeal dismissed an application by R.E. Wolf for a hearing and leave to appeal an Order of the Board approving Westcoast's application for expansion of its Pine River Gas Plant and Grizzly Pipeline System.

On 24 July 1993, Mr. R. E. Wolf filed an application in the Federal Court of Appeal for leave to appeal the Board's Order No. XG-W5-28-93 issued to Westcoast in June 1993 approving the expansion of its Pine River Gas Plant and Grizzly Pipeline System situated in northeastern British Columbia.

In brief, the grounds for appeal were:

- (a) a breach of natural justice occurred as the application proceeded without adequate notice and while incomplete;
- (b) the Board erred in finding it had complied with section 16 of the *Environmental Assessment Review Process Guidelines Order*;
- (c) the Board erred in making a section 12 (c) finding under the *EARP Guidelines Order*; and
- (d) the Board erred in finding there was no public concern about Westcoast's application.

5. Foothills Pipe Lines Ltd. - Reasons for Decision RH-1-93 - 1993 Tolls

On 22 December 1993, Foothills applied to the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision of proceeding RH-1-93 regarding Foothills' tolls for 1993.

The grounds for appeal are as follows:

- a) The Board breached the rules of natural justice and procedural fair-

ness and thereby erred in law or jurisdiction when it fundamentally changed the basis on which it assessed Foothills' business risks without giving Foothills notice of, or the opportunity to address, this fundamental change.

b) The Board erred in law and jurisdiction by addressing its mind to the wrong question and disregarding relevant evidence when it used the mid-1980's as the departure point for its analysis of changes in Foothills' business risks over time.

c) The Board erred in law or jurisdiction in reaching the conclusion that a common equity component not exceeding 28 percent would provide Foothills with additional financial flexibility when such a conclusion was contrary to the evidence before the Board and the Board's own findings.

Foothills requested that the Court defer action on the application for leave to appeal until the Board has disposed of Foothills' application for review (refer to item 1 under *Reviews Under Consideration*).

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 December 1993 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *Export Impact Assessment (EIA)*

On 8 December 1993, the Board decided to implement the following changes to the EIA process:

- 1) beginning with the supply/demand report to be issued in mid-1994 (Canadian Energy Supply and Demand 1993-2010) the Board will include in those reports an analysis of the long-term implications of alternative export levels for Canadian energy markets; and
- 2) the long-term assessment of volume and price effects in the supply/demand reports will be supplemented by an assessment of market adjustment issues undertaken in periodic Natural Gas Market Assessment (NGMA) reports.

These changes were implemented pursuant to the Board's letter of 26 August 1993 inviting comments from interested parties. Submitters were generally supportive of the proposed changes and no one expressed disagreement.

Until additional NGMA's and the next supply/demand report are released, applicants for natural gas export licences and intervenors wishing to utilize the Board's analyses may refer to either the Board's November 1989 EIA or the September 1992 draft EIA.

Alternatively, parties may file their own analyses.

2. *Alberta and Southern Gas Co. Ltd. - Revocation of Natural Gas Export Licences GL-99 and GL-111*

On 2 December 1993, the Board approved an application dated 15 November 1993 from Alberta and Southern for the revocation of natural gas export Licence GL-99 and GL-111.

The Licences authorized the export of natural gas to Pacific Gas Transmission Company for consumption in northern California. As a consequence of the restructuring of its gas export sales arrangements with Pacific Gas and the assignment of its remaining business interest to Pan-Alberta Gas Ltd., effective 1 November 1993, Alberta and Southern no longer needed the two Licences.

3. *CanStates Gas Marketing - Contract Amendments - Natural Gas Export Licence GL-136*

On 25 February 1994, the Board approved an application dated 8 February 1994 from CanStates for approval of an Amending Agreement dated 1 December 1993 to the Gas Sales Contract dated 11 December 1980 with Transco Energy Marketing Company and Alberta Natural Gas Company Ltd underpinning exports under Licence GL-136.

4. *Crestar Energy Marketing Corp. - Contract Amendment - Natural Gas Export Licence GL-108*

On 16 December 1993, the Board approved an application dated 18 November 1993 from Crestar for approval of a contract amendment dated 1 November 1993 to the Gas Sales Contract dated 4 August 1992 between Crestar and Northern States Power Company underpinning exports under Licence GL-108.

5. *KannGaz Producers Ltd. - Contract Amendment - Natural Gas Export Licence GL-77*

On 16 December 1993, the Board

approved an application dated 30 November 1993 from KannGaz for approval of an Amending Agreement dated 19 August 1993 to the 1 November 1987 Gas Sales Contract between KannGaz and Tennessee Gas Pipeline Company underpinning exports under Licence GL-77.

6. *New England Power Company - Licence Amendment - Natural Gas Export Licence GL-160*

On 20 January 1994, the Board approved an application dated 2 December 1993 from New England Power for approval to amend Licence GL-160 by adding Niagara Falls, Ontario as an additional export delivery point to the Licence. Licence GL-160 presently authorizes exports at Iroquois, Ontario.

The amendment to the Licence requires Governor-in-Council approval before it may take effect.

7. *Pawtucket Power Associates Limited Partnership - New Gas Purchase Agreement - Natural Gas Export Licence GL-149*

On 6 January 1994, the Board approved an application dated 12 October 1993 from Pawtucket for approval of a new Gas Purchase Contract with Home Oil Company Limited replacing Pawtucket's contract with Columbia Gas Development of Canada Ltd. underpinning exports under Licence GL-149.

When the Board issued Licence GL-149, Columbia Gas and Opinac Exploration Limited were the original gas suppliers to Pawtucket. (Columbia was acquired by Anderson Oil and Gas Inc.). On 29 June 1993, Anderson agreed to terminate the Columbia contract. Subsequently, Pawtucket signed a Gas Purchase Agreement with Home Oil.

8. *Shell Canada Limited - Contract Amendments - Licence GL-180*

On 20 January 1994, the Board approved an application dated 4 November 1993 from Shell for approval of a Letter

Agreement dated 27 July 1993 between Shell, Salmon Resources Ltd., Enron Gas Marketing, Inc. and Enron Gas Marketing Canada Inc. underpinning exports under Licence GL-180.

9. Wascana Energy Inc. - Amendments of Natural Gas Export Licences GL-77 and GL-229

On 24 January 1994, the Board approved applications dated 20 December 1993 and 14 January 1994 from Wascana for approval of amendments to Licences GL-77 and GL-229 to change the licence holder's name from KannGaz Producers Ltd. to Wascana Energy Inc.

The amendments to the Licences require Governor-in-Council approval before they may take effect.

10. Southern California Edison Company Jointly with Each of AEC Oil and Gas a Division of Alberta Energy Company Ltd, Imperial Oil Resources, Shell Canada Limited and Western Gas Marketing Limited - Contract Amendments - Natural Gas Export Licences GL-210, GL-211, GL-212 and GL-213

On 23 February 1994, the Board approved the applications from the above-mentioned companies for approval of the following:

- a) Edison, jointly with AEC, applied for approval of Amendments No. 1 and No. 2 dated 30 September and 1 November 1993, respectively, to the Gas Sales and Purchase Agreement dated 6 December 1990 underpinning exports under Licence GL-210;
- b) Edison, jointly with Imperial, applied for approval of Amendment No. 1 dated 30 September 1993 to the Gas Sales and Purchase Agreement dated 18 December 1990 underpinning exports under Licence GL-211;

c) Edison, jointly with Shell, applied for approval of Amendment No. 1 dated 20 September 1993 to the Gas Sales and Purchase Agreement dated 18 December 1990 underpinning exports under Licence GL-212; and

d) Edison, jointly with WGML, applied for approval of Amendment No. 3 dated 20 October 1993 to the Gas Sales and Purchase Agreement dated 6 December 1990 underpinning exports under Licence GL-213.

Pipeline Matters

Matters Completed

1. Many Islands Pipe Lines (Canada) Limited - Application to Purchase and Operate a Pipeline

On 9 December 1993, the Board approved an application dated 22 November 1993 from Many Islands for approval to purchase from TransGas Limited the 35.6-kilometre long pipeline from Steelman, Saskatchewan to North Portal Saskatchewan and for approval to operate the pipeline. Many Island also applied for approval to construct and operate the 1.15-kilometre long WBI Canadian Pipeline, Ltd. pipeline from North Portal, Saskatchewan to the Canada/United States border.

2. Trans-Northern Pipelines Inc. - Abandonment of Pipeline Facilities

On 2 September 1993, Trans-Northern applied for approval to abandon certain facilities in the province of Ontario known as the "Markham Meter Station and Lateral" and the "Hamilton Meter Station and Lateral". The facilities are no longer required as the shippers' facilities to whom product was delivered at both Hamilton and Markham have been dismantled. The Markham Lateral is 300 metres long and the Hamilton Lateral is 1 945 metres long.

On 15 November 1993, Trans-Northern advised the Board that it was continuing to seek a buyer for the Hamilton Lateral.

On 9 December 1993, the Board approved the application except for part of the application dealing with the Hamilton Lateral.

3. Westcoast Energy Inc. - Sale of a Pipeline

On 16 December 1993, the Board approved an application dated 14 October 1993 from Westcoast for leave to sell the Townsend Pipeline, including its entire interest in the right-of-way, jointly to Petro-Canada and ENCO Gas Ltd. The pipeline is 8.9 kilometres long and transports raw gas from Petro-Canada and ENCO gas wells to Westcoast's Kobes pipeline in the Peace River District. The Townsend and Kobes pipelines are part of the Fort St. John raw gas transmission system which feeds into the McMahon Gas Plant.

4. Documentation Audit Reports

On 2 December 1993, the Board adopted the Documentation Audit Report for Monitoring Compliance with the Onshore Pipeline Regulations for Dome Kerrobert Pipe Line Ltd. and Pan Canadian Kerrobert Pipe Line Ltd.

5. Section 58 Pipeline Applications

The Board has approved or is considering several applications under section 58 of the National Energy Board Act for routine facilities. Section 58 applications are for pipeline projects that do not involve new pipelines greater than 40 kilometres in length and may be considered by the Board without a public hearing. Accordingly, this section is used for short pipeline projects, upgrades to the system, other modification, and routine minor capital additions.

Gas Pipelines

Alberta Natural Gas Company Ltd
Application dated 9 December 1993
Estimated cost: \$4 695 000
Status: The Board approved part of the application on 24 January 1994 totalling \$320 000, Order number XG-A2-05-94. The Board is awaiting a response to its 17 January 1994 information request on the balance of the projects.

Alberta Natural Gas Company Ltd
Application dated 23 December 1993
Estimated cost: \$1 400 000
Status: The Board is awaiting a response to its 21 January 1994 information request.

Alberta Natural Gas Company Ltd
Application dated 23 December 1993
Estimated cost: \$1 596 000
Status: The Board is awaiting a response to its 26 January 1994 information request.

Canadian-Montana Pipe Line Company Limited
Application dated 1 October 1993
Approved on 2 December 1993
Estimated cost: \$104 123
Order number: XG-C9-54-93

Consumers' Gas (Canada) Ltd.
Application dated 26 November 1993
Approved on 16 December 1993
Estimated cost: \$5 000
Order Number: XG-C283-59-93

Foothills Pipe Lines Ltd.
Application dated 19 November 1993
Approved on 2 December 1993 and 9 February 1994
Estimated cost: \$3 703 000
Order numbers: XG-F6-57-93 and XG-F6-07-94

TransCanada PipeLines Limited
Application dated 27 September 1993
Estimated cost: \$65 567 000
Status: The Board approved part of the application on 9 December 1993 totalling \$6 750 000
Order number: XG-T1-56-93

The Board approved another part of the application on 14 February 1994 totalling \$30 992 000, Order number XG-T1-09-94.

TransCanada PipeLines Limited
Application dated 9 December 1993, amended on 3 February 1994
Approved on 10 February 1994
Estimated cost: \$446 300
Order number: XG-T1-06-94

Westcoast Energy Inc.
Application dated 27 August 1993
Approved on 20 December 1993
Estimated cost: \$1 154 000
Order number: XG-W5-52-93

Westcoast Energy Inc.
Application dated 15 October 1993
Estimated cost: \$67 441 000
Status: Currently under review

Westcoast Energy Inc.
Application dated 19 November 1993
Approved on 13 January 1994
Estimated cost: \$5 200 000
Order number: XG-W5-02-94

Westcoast Energy Inc.
Application dated 27 November 1993
Approved on 8 December 1993 and 24 February 1994.
Estimated cost: \$1 874 000
Order numbers :XG-W5-55-93, AO-2-XG-52-92 and XG-W5-8-94

Westcoast Energy Inc.
Application dated 29 November 1993
Approved on 20 January 1994
Estimated cost: \$15 300 000
Order number: XG-W5-04-94

Westcoast Energy Inc.
Application dated 15 December 1993
Approved on 20 January 1994
Estimated cost: \$1 580 000
Order number: XG-W5-03-94

Westcoast Energy Inc.
Application dated 23 December 1993
Approved on 27 January 1994
Estimated cost: \$725 000
Order number: XG-W5-01-94

Oil Pipelines

Cochin Pipe Lines Ltd.
Application dated 8 December 1993
Approved on 17 January 1994
Estimated cost: \$100 000
Order number: XO-C18-01-94

Cochin Pipe Lines Ltd.
Application dated 8 December 1993
Approved on 24 January 1994
Estimated cost: \$505 000
Order number: XO-C18-03-94

Dome Kerrobert Pipeline Ltd and PanCanadian Kerrobert Pipeline Ltd
Application dated 3 December 1993
Approved on 3 February 1994
Estimated cost: \$1 970 000
Order number: XO-D10-05-94

Interprovincial Pipe Line Inc.
Application dated 10 September 1993
Estimated cost: \$69 544 300
Status: The Board approved part of the application on 3 February 1994 totalling \$52 220 900, Order number XO-J1-06-94.

Interprovincial Pipe Line Inc.
Application dated 29 December 1993
Approved on 4 February 1994
Estimated cost: \$134 000
Order number: XO-J1-08-94

Interprovincial Pipe Lines (NW) Ltd.
Application dated 10 September 1993
Approved on 13 January 1993
Estimated cost: \$1 872 000
Order number: XO-J34-46-93

Trans Mountain Pipe Line Company
Application dated 29 November 1993
Approved on 17 January 1994
Estimated cost: \$300 000
Order number: XO-T4-02-94

Trans Mountain Pipe Line Company Ltd.
Application dated 24 September 1993
Estimated cost: \$12 935 000
Status: Currently under review

Trans-Northern Pipelines Inc.
Application dated 15 December 1993
Estimated cost: \$4 612 000
Status: The Board approved part of the

application on 27 January 1994 totalling \$1 572 000, Order number XO-T2-04-94.

Matters Pending

6. Streamlining Section 58 Pipeline Applications

The Board sought industry and public input into streamlining its section 58 pipeline application process for routine facilities. Section 58 applications, under the National Energy Board Act, are for pipeline projects that do not involve new pipelines greater than 40 kilometres in length, and may be considered by the Board without a public hearing.

Several concerns about the administrative burden in the regulation of capital additions and associated expenses have been expressed to the Board over the past year. The Board is of the view that there is room for streamlining and enhanced effectiveness of its section 58 process by eliminating the requirement for pre-approval of routine items and enabling one time approvals for multi-year programs.

In order to achieve meaningful improvements in the treatment of projects which fall under section 58 of the Act, the Board sought input on various aspects of the process. Submissions were due on 23 February 1994, with reply comments due on 16 March 1994.

Following consideration of the parties' submissions, the Board will determine how best to proceed. It is the Board's hope that this process will lead to:

- reduced burden on applicants and intervenors;
- increased efficiency in the use of the Board's and other parties' resources; and
- increased effectiveness of cost review;

while ensuring the safe, environmentally sound operation of the affected pipelines and the most cost-effective behaviour of pipeline companies.

7. Niagara Gas Transmission Limited - Pipeline Facilities

On 18 November 1993, Niagara Gas applied for approval to construct a pipeline under the Ottawa River.

Niagara Gas is proposing to construct approximately 10.5 kilometres of pipeline from an interconnection with the existing Consumers' Gas Company Ltd Ottawa East pipeline in the City of Gloucester, Ontario, to a point of interconnection with a proposed new pipeline to be constructed by Gazifère Inc. in Gatineau, Quebec. The scheduled in-service date of the proposed pipeline is October 1994. The estimated cost of the facilities is \$11.2 million.

On 20 January 3 and 24 February 1994, the Board sent letters to Niagara requesting additional information.

8. PanCanadian Petroleum Limited - Pipeline Facilities

On 26 November 1993, PanCanadian applied for approval to construct a pipeline under the Ottawa River.

PanCanadian is proposing to construct approximately 14.5 kilometres of pipeline from an interconnection with the TransCanada PipeLines Limited's Ottawa sales gate meter station in the City of Gloucester, Ontario, to the Canadian Pacific Forest Products Limited newsprint mill in Gatineau, Quebec. The estimated cost of the facilities is \$8.4 million. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site for an in-service date in August 1995.

On 20 January, 3 and 24 February 1994, the Board sent letters to PanCanadian requesting additional information.

9. Remington Energy Ltd. - Pipeline Facilities

On 22 December 1993, Remington applied for approval to construct a pipeline across the British Columbia/Alberta border.

Remington is proposing to construct approximately 6.6 kilometres of pipeline from Doe River, British Columbia to Pouce Coupe, Alberta. The estimated cost of the facilities is \$750 000. The pipeline will be used to transport natural gas from Remington's well in British Columbia to a pipeline system in Alberta.

On 28 January 1994, the Board sent a letter to Remington requesting additional information.

10. Trans-Northern Pipelines Inc. - Abandonment of Pipeline Facilities

On 2 September 1993, Trans-Northern applied for approval to abandon the Hamilton, Ontario lateral consisting of 1 945 metres of pipeline.

On 15 November 1993, Trans-Northern advised the Board that it was seeking a buyer for the Hamilton Lateral.

The Board decided to defer consideration of the application.

11. Trans-Northern Pipelines Inc. - Sale of Pipeline Facilities

On 3 March 1993, Trans-Northern informed the Board that it had sold the Montreal Booster Station on the Montreal refinery feeder system to Ultramar Canada Inc. After more information was requested by the Board, it became evident that leave had not been applied for nor granted by the Board in respect of the sale.

On 21 January 1994, the Board advised Trans-Northern that it had considered the information provided by the company concerning the use, operation and function of the Montreal Booster Station and that it would appear that the Station continues to be an integral part of the Trans-Northern system, and, therefore, continues to be part of a federal work and undertaking and remains subject to regulation by the Board despite the sale to Ultramar.

The Board requested Trans-Northern and Ultramar to comment and provide any additional information concerning the use, operation and function of the Station before the Board decides on the application.

Traffic and Toll Matters

Matters Completed

1. *Review of Surveillance Reports filed Pursuant to the Toll Information Regulations*

On 16 February 1994, the Board issued a "Memorandum of Guidance Re: Quarterly Surveillance Reports Filed Pursuant to the Toll Information Regulations".

The issuance of this memorandum results from a review of the surveillance reports currently filed pursuant to the *Toll Information Regulations* to determine if the information provided by the Group I pipeline companies in these reports could be presented in a more effective manner.

2. *Canadian Association of Petroleum Producers - Complaint and Application to Have Tolls of Foothills Pipe Lines Ltd. Made Interim*

On 10 February 1994, the Board dismissed a complaint by CAPP submitting that as of 1 January 1994, the tolls of Foothills were no longer just and reasonable and denied CAPP's application to have Foothills tolls made interim pending determination of tolls that are just and reasonable. The Board was not persuaded that there had been significant change in circumstances since the date of the Board's decision in RH-1-93 to support a conclusion that the current tolls of Foothills' are not just and reasonable as of 1 January 1994.

In its 21 December 1993 letter, CAPP stated that despite the extensive reasons provided in the Board's Reasons for

Decision (RH-1-93) regarding Foothills 1993 tolls, CAPP and Foothills have not been able to reach a resolution with respect to the 1994 tolls and it was therefore necessary to file a complaint.

CAPP referenced the following in support of its complaint and application:

- Rate of Return
- Drawdown of Deferred Taxes
- Equity Ratio.

3. *Interprovincial Pipe Line Inc. - Class 2 Toll Application*

On 16 December 1993, the Board approved an application dated 29 September 1993 from Interprovincial, as amended by a settlement agreement between the company and its Industry Task Force, for new tolls effective 1 January 1994.

The Board approved new tolls for shipments of light crude oil from Edmonton to Sarnia which are on average 2.65 percent higher than the tolls which have been in effect since they were approved in 1992 and are based on a net revenue requirement of approximately \$332.6 million. The Board also approved a rate of return on equity of 12.5 percent on a deemed equity ratio of 45 percent.

4. *Trans-Northern Pipe Lines Ltd. - Class 1 Toll Application*

On 10 February 1994, the Board approved an application dated 14 December 1993 from Trans-Northern for approval of a 9 percent decrease of tolls.

The tolls in the application were designed to recover a total cost of service of \$29 032 000 including a rate of return on rate base of 11.52 percent.

The Company requested the downward adjustment in its 1993 tolls to reflect higher throughput in the last half of 1993. The Company's tolls were made

interim in September 1993 in response to the need to adjust 1993 tolls downwards.

Matters Under Consideration

5. *Foothills Pipe Lines (Alta.) Ltd. Zones 6 and 7, Foothills Pipe Lines (South B.C.) Ltd. Zone 8 and Foothills Pipe Lines (Sask.) Ltd. Zone 9 - 1994 Operating and Maintenance Expense Budgets*

On 1 December 1993, Foothills Pipe Lines Ltd. applied for approval of its 1994 Operating and Maintenance Expense Budgets for the above-mentioned companies.

On 22 December 1993, the Board approved, on an interim basis pending full review of the application, 50 percent of the budgets submitted.

6. *Interprovincial Pipe Line Inc. - Revised Tolls to Include Effects of Facilities Expansion Approved In OH-1-93*

(Refer to item 1 under *Recent Hearing Reports* on page 1)

On 25 November 1993, during Interprovincial's facilities hearing OH-1-93, (Transcript page 432) Interprovincial indicated that the impact of the Western Canadian Pipeline Expansion was not included in its amended Class 2 Application. Interprovincial stated the expansion would likely reduce the 1994 revenue requirement by approximately \$27.5 million.

On 31 January 1994, the Board issued an order authorizing Interprovincial to charge, on an interim basis, effective 1 February 1994, its existing tolls, as approved by the Board in its Order TO-3-93 dated 16 December 1993. The Board also directed Interprovincial to file with the Board and serve on interested parties revised tolls effective 1 February 1994, reflecting any changes to Interprovincial's 1994 revenue requirement which may result from the

facilities expansion approved by the Board in hearing OH-1-93.

On 7 February 1994, Interprovincial filed revised tolls. The filing is currently under review.

7. *Trans-Northern Pipe Lines Ltd. - Class 2 Toll Application*

On 21 December 1993, Trans-Northern Pipelines Inc. applied for approval of a 0.7 percent decrease in its currently posted tolls.

The tolls in the current application are designed to recover a total cost of service of \$28 976 000 including a rate of return on rate base of 11.24 percent.

Electric Power Matters

Matters Completed

1. *Cominco Ltd. - Application to Export Electricity*

On 23 December 1993, the Board approved an application dated 14 October 1993 from Cominco for authorization to export surplus electricity for a five-year period beginning 1 January 1994 to the Bonneville Power Administration in the Pacific Northwest area of the United States. The new permits will replace four three-year permits which expire on 31 December 1993.

The quantity and type of energy to be exported remains unchanged. The Board approved one permit for the sale of up to 1 000 gigawatt-hours of interruptible energy in any consecutive 12-month period and three other permits for the wheeling, exchange and unscheduled circulating flow of energy that will not result in any net exports.

2. *Hydro-Québec - Short Term Electricity Export*

In a letter dated 30 November 1993, Hydro-Québec formally requested of the Board "that in future the NEB exempt from review and provide authorization

within 24 hours for electricity exports subject to terms of one year or less, on submission of a summary application in letter form."

On 9 February 1994, the Board responded to Hydro-Québec. In its response, the Board stated that: "though the legislation under which it operates does not presently allow the Board to treat short term exports of electricity in the same way as short term exports of natural gas, the Board has adapted its processes to be responsive to changing conditions in North American electricity markets. In the Board's view it has, in applying the current legislation, found a way of balancing the public interest considerations inherent in the statutory framework with the needs of applicants for flexibility and speedy response to emerging market circumstances. The Board welcomes suggestions for further improvement that are consistent with the legislation."

3. *Manitoba Hydro - Application to Export Electricity*

Reasons for Decision dated December 1993; issued on 10 December 1993.

The Board approved an application dated 8 October 1993 from Manitoba Hydro to export firm power and energy to the Minnkota Power Cooperative, Inc. of Grand Forks, North Dakota. The electricity will be exported during the summer months (May to October) for a seven-year period, from 1995 to 2001, in accordance with the terms of a firm power contract executed in June 1993. Minnkota Power provides electrical service to customers in eastern North Dakota and northwestern Minnesota.

The Board's approval authorizes the export of a maximum of 10 megawatts in 1995 and 1996; 40 megawatts in 1997 and 1998; 45 megawatts in 1999 and 2000; and 50 megawatts in 2001. The maximum amount of energy that could be exported under the existing contract is 44 gigawatt hours in 1995 and 1996;

177 gigawatt hours in 1997 and 1998; 199 gigawatt hours in 1999 and 2000; and 221 gigawatt hours in 2001.

4. *New Brunswick Power Corporation - Electricity Export*

On 3 December 1993, the Board approved an application dated 30 July 1993 from NB Power for an extension of the 27 April 1984 Power Purchase Agreement between NB Power and Bangor Hydro to allow NB Power to export up to 45 megawatts of power to 31 October 1997 under existing export Permit EPE-15.

Matters Under Consideration

5. *Electricity Review*

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) enhance interprovincial trade in electricity;
- (ii) encourage greater cooperation between utilities; and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through intervening provinces for wheeling purposes.

The Board submitted a report to the Minister of Energy, Mines and Resources in February 1994, which may be made public with the approval of the Minister.

6. *Ontario Hydro - Application to Upgrade an Existing International Power Line*

The Board is considering an application dated 29 October 1993 from Ontario Hydro to revoke an existing Certificate of Public Convenience and Necessity for

a single circuit international power line extending from the property of Boise Cascade Canada Ltd. in Fort Frances, Ontario, to the international boundary and to replace it with two new permits. One permit, issued to Ontario Hydro, would authorize the construction, ownership and operation and maintenance of a new sin-

gle circuit international power line, on the same right-of-way, extending from the property of Boise Cascade to the international boundary. The second permit, issued to Boise Cascade, would authorize the construction and ownership of a second new international power line to be located on the same towers.

The Board sought the views of interested parties on the application before issuing the requested permits or recommending to the Governor in Council that a public hearing be held.

On 1 February 1994, the Board sent a letter to Ontario Hydro requesting additional information.

Safety Matter

1. *TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario*

On 9 December 1992, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally-regulated pipelines can be quickly and safely isolated."

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis.

A report on the Board's findings is anticipated for the end of March 1994.

Environmental Matter

1. *Inventory of Polychlorinated Biphenyls ("PCB's")*

On 29 July 1993, the Board sent letters to all pipeline companies under its jurisdiction requesting a review of their current PCB inventory status.

On 25 November 1988, the Board requested all pipeline companies under its jurisdiction to provide an inventory

within their system of in-service equipment containing PCB's and of PCB-contaminated waste in storage. All companies were asked to confirm that their PCB waste storage facilities conformed to the requirements outlined in the Interim Order Respecting the Storage of Wastes Containing Polychlorinated Biphenyls, issued pursuant to section 35 of the Canadian Environmental Protection Act.

The interim Order has been replaced by the Storage of PCB Material Regulations which were published in the Canada Gazette on 27 August 1992.

In response to the new regulations, the Board has decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCB's and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations.

The Board is currently updating its PCB Inventory list in accordance with the information provided by all companies under its jurisdiction.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* and regulations made thereunder currently appear on the regulatory agenda of the

Department of Natural Resources Canada. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. *Regulatory Initiatives*

(See also item 7 under *Amendments to Regulations* on page 16)

a) Canada Oil and Gas Occupational Health and Safety Regulations

The *Canada Oil and Gas Occupational Health and Safety Regulations* are being updated. At present, these Regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation.

A first draft of the amended regulations was reviewed with Labour Canada in August of 1993. Pending the concurrence of Labour Canada, revised drafts will be reviewed by other government departments and industry.

b) Guidelines for Frontier Geophysical and Geological Authorizations and Reporting

Draft *Guidelines for Frontier Geophysical and Geological Authorizations and Reporting* are in preparation and are targeted to enter the review process by the end of March 1994 and to be issued in the summer of 1994.

c) Offshore Waste Treatment

Guidelines and the Guidelines for the Use of Oil Based Drilling Muds

The joint government/industry review is ongoing following consultations on the science and technology which will provide the basis for effluent treatment and discharge levels recommended for the revised guidelines. Several departments and companies continue to express a preference for regulations over guidelines and further discussion on this issue is anticipated. A draft set of the guidelines will be circulated to members by the end of March and publication in the Canada Gazette of the revised guidelines is planned for the end of May 1994.

d) **Guidelines Respecting Physical Environmental Programs During Petroleum Drilling and Production Activities on Frontier Lands**

The consultation process with industry, other federal government departments and regulatory agencies, and the independent offshore petroleum boards for review and update the oceanographic and meteorological provision of the Guidelines is drawing to a close. Modifications to the provisions were drafted to respond to the evolving technologies and to provide for special requirements of the physical environmental programs during offshore oil and gas production.

Publication in the *Canada Gazette* and distribution of the Guidelines is planned for 31 March 1994.

2. **Environmental Assessment and Review (EARP)**

EARP screenings were completed on: the Paramount Resources Ltd. request for Amendment to the Cameron Hills Oil Development; an Application for Renewal of Drilling Program Approval; three Applications to Drill A Well; and three applications from Imperial Oil Resources Ltd. to Alter the Condition of A Well in the Tuktoyaktuk area of the Northwest Territories. In all cases, potentially adverse environmental effects were determined to be insignificant or mitigable with known technology and the projects could proceed.

3. **Production**

Amoco Canada Petroleum Company Ltd. responded to the deficiency list resulting from the Pointed Mountain field inspection. A subsequent follow-up meeting was held to discuss the report in Calgary. Amoco has submitted additional information regarding the report. This information is currently being reviewed.

4. **Environmental Studies Research Funds (ESRF)**

In response to federal-provincial efforts to review the competitive climate on frontier lands, ESRF and the Board's Environment Directorate Staff participated on a working group to review the relevant section of the *Canadian Petroleum Resources Act* and the comparable provisions of part II of the federal-provincial *Accord Implementation Acts* pertaining to the ESRF. The project was completed in late January and a report was submitted to the Steering Committee in February.

5. **Diving**

Staff Chaired the Canadian Standards Association Committee on Diving Competency; inspected the Seneca Diving School in Mississauga, Ontario; reviewed, at the request of the Australian Government, a draft of the Australian Diving Standards; met with the Canadian Diving Industry to evaluate the Diving Regulations based on the last six years of use and industry comments and suggestions for possible revisions were requested; and, developed the first supervisors' examination for use by Canada-Newfoundland Petroleum Offshore Board and subsequently evaluated and graded the examination.

6. **Beaufort Sea and Mackenzie Delta Call for Nominations**

The Minister of Indian Affairs and Northern Development will be receiving nominations for the 1994 Beaufort Sea and Mackenzie Delta Call for Nominations for Crown reserve lands at the offices of the National Energy Board, courtesy of the Board. The Call closes on 8 April 1994.

Studies

1. **1994 Supply/ Demand Report**

In early 1993, the Board initiated an update of its long-term energy outlook, *Canadian Energy Supply and Demand 1990 - 2010*. For this update, scheduled for release in the first half of 1994, a number of changes were proposed to the approach taken in the analysis and report structure. These proposals were discussed with 60 industry, government and other organizations across Canada during a series of meetings in May 1993. In addition, comments were sought and received on a number of issues affecting Canada's energy supply/demand outlook.

A summary of the consultations meetings and the decisions made by the Board, pursuant to these meetings, on the approach and report structure, may be obtained by contacting the Regulatory Support Office at (613) 292-4800.

2. **Natural Gas Market Assessment Reports**

In December 1993, the Board issued two Natural Gas Market Assessment reports entitled "*Natural Gas Supply - Western Canada: Recent Developments (1982-1992)*", "*Short-term Deliverability Outlook (1993-1996)*" ("Supply NGMA") and "*Canadian Natural Gas Market Mechanisms: Recent Experiences and Developments*" ("Market Mechanisms NGMA"). The Supply NGMA provides a summary of recent developments in Canadian gas supply and reports on the result of the Board's analysis of short-term gas deliverability for the years 1993 to 1996. The Market Mechanisms NGMA examines gas market mechanisms and changes in these which have resulted, in part, from the closer balance between gas supply and demand during the recent past. It also provides an analysis of how challenges in managing supply may be handled during future peak demand periods.

The Board's objective in publishing NGMA reports is to provide information about changes in market conditions and overall natural gas supply and demand.

Amendments to Regulations

Amendments to the Board's regulations, completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

The Board has under preparation a revised version of the Onshore Pipeline Regulations to incorporate a variety of changes related to the safety of pipelines under the Board's jurisdiction.

The Board expects to issue the draft revisions for comment by interested persons in the spring of 1994.

2. Offshore Pipeline Regulations

(Status unchanged. For more details on this matter, see Issue No.44 of the Regulatory Agenda dated 1 March 1993 under *Amendments to Regulations, item 2* on page 18.)

3. National Energy Board Part VI Regulations

The Part VI Regulations are being amended to reflect the September 1988 Canadian Electricity Policy. The provisions dealing with electricity have been removed from the Part VI Regulations and will be issued separately as *Electricity Regulations* (see item 4 below). As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applications and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see item 5 below).

On 10 August 1990 the Board submitted the proposed amendments to interested persons for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The Regulations were revised taking into consideration the comments received and sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Governor-in-Council will then be in a position to make the Regulations.

4. Electricity Regulations

The Board is currently drafting *Electricity Regulations* which will reflect the June 1990 amendments to the *National Energy Board Act*. In October 1993, the Board issued the draft regulations for comment by interested persons. Interested persons had until 17 January 1994, to comment.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and a Schedule to the draft Rules of Practice and Procedure.

5. Export and Import Reporting Regulations

These proposed regulations would require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and the members of the public will be given 30 days to comment on them. Governor-in-Council will then be in a position to make the Regulations.

6. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act, draft regulations were prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

The scope of these regulations is being re-examined in view of further amendments to the NEB Act in June 1990; the regulations will then be resubmitted to the Department of Justice for examination and the Governor-in-Council for approval.

7. Regulations Pertaining to Frontier Oil and Gas Activities

On 2 April 1991, approximately 50 staff

members from the Canada Oil and Gas Lands Administration ("COGLA") were transferred to the Board. This was the first step in the Board's assumption of regulatory responsibilities with regard to oil and gas activities on Frontier Lands, excluding the east coast area which is subject to an accord. These responsibilities encompass the regulation of exploration and development of oil and gas in a manner that promotes safety of the worker, protection of the environment and conservation of hydrocarbon resources.

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations Being Reviewed by the Department of Justice

Nova Scotia Offshore Area Petroleum Production and Conservation Regulations
Newfoundland Offshore Area Petroleum Production and Conservation Regulations

Regulations which have Received Department of Justice Approval and are Proceeding to Pre-publication

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - Amendments
Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations

Nova Scotia Offshore Petroleum Installations Regulations
Newfoundland Offshore Petroleum Installations Regulations
Newfoundland Offshore Area Petroleum Diving Regulations - Amendments
Nova Scotia Offshore Certificate of Fitness Regulations
Newfoundland Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum Drilling Regulations - Amendments
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Nova Scotia Offshore Area Petroleum Geophysical Regulations
Newfoundland Offshore Area Petroleum Geophysical Regulations

Regulations which have been pre-published

Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)

Regulations being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations
Nova Scotia Offshore Spills and Debris Regulations

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Engineering Directorate is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations

which pertain to the offshore areas under joint resource management accords.

Rules of Practice and Procedure

The Board is revising its Rules of Practice and Procedure. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board. The schedules which form part of the Rules provide samples of forms.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the *Canada Gazette*. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the National Energy Board Act and changes in export regulation. Interested persons were invited to file comments on the proposed changes.

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the *Canada Gazette*.

Administrative Matters

Management Restructuring

On 28 February 1994, the Board announced a management restructuring which effectively eliminated a layer at the senior management level and reduces the number of branch directors. Four director general positions have been abolished, and the number of branch directors have been reduced from seventeen to ten. The changes were made possible in part by combining some functional areas. Some realignment of positions within the branches will also have to be made.

More specifically, the positions of Director General of Energy Regulation, Director General of Engineering, Director of Electric Power Branch and Director of Drilling Operations will be eliminated along with the positions of Director of Corporate Planning and Review and the Director of Information Technology. The Director General of Energy Regulation will become Associate Executive Director and the Director General of Engineering will assume the role of Special Advisor with responsibility for the legislation which will integrate frontier responsibilities with the Board. The Directors of Electric Power Branch and Drilling Operations will provide advisory support during the integration and restructuring process. The remaining director general positions (Energy Resources and Environment) will become directors, the director positions in Environment will become chiefs, and the Director of Production and Facilities will move into a chief position in the Engineering Branch. (Refer to Appendix II, Selected List of Telephone Numbers.)

As a result, the Board will have six line branches: Economics, Energy Resources, Engineering, Environment, Financial Regulation and Gas and Oil. The status of the Electric Power Branch will be decided as soon as possible following completion of the current evaluation of the branch which is being carried out by outside consultants and, in the interim, will report through the Associate Executive Director. The line

branches will be supported by the Office of the Secretary and the Law Branch for regulatory matters. Personnel Branch and Finance and Administration and Information Technology Branch will assume internal management.

The Board made these changes in the interests of fairness and consistency as well as efficiency. It is the Board's belief that having fewer hierarchical levels will facilitate communication, decision-making and staff recognition, as well as assist the Board in providing better service to the public.

Streamlining of the management structure follows other initiatives taken by the Board to reduce costs and improve service to the public. In 1984, the NEB and the Canada Oil and Gas Lands Administration, which merged with the NEB in 1991, had approximately 550 employees; today the comparable number is 300. Operating expenditures in constant 1993 dollar terms have declined by approximately 40 percent from \$54 million in 1984-85 to \$30 million in 1993-94.

Electronic Regulatory Filing (ERF) - Progress Report

At the request of some of its interested parties, the Board undertook a feasibility study of ERF during 1993. The study concluded that ERF was technically and economically feasible, and that it would expedite the Board's regulatory process while considerably enhancing its day-to-day responsiveness.

On October 19, 1993, the Board sent out a Request for Proposal for a Conference Room Pilot of the ERF Project. The requirement of this Request for Proposal was to implement a prototype demonstrating in an integrated manner the tools and concepts of ERF. The thrust of the pilot project is to illustrate the various functionalities of ERF and to develop support for it inside and outside the Board.

With the advice of consultants, the Board has decided to test a prototype based on Lotus Notes. The pilot project is scheduled to be finished by mid-April 1994. Upon

completion, there will be an evaluation period of about two months. The results of this pilot project will be useful in guiding the full implementation of ERF.

Pipeline Task Force - National Energy Board and Energy Resources Conservation Board of Alberta

The Canada-Alberta Action to Reduce Overlap and Duplication has led to the establishment of a Pipeline Task Force comprised of staff from the NEB and the ERCB which will identify technical areas related to pipeline safety and environmental issues where cooperation between the two agencies could be increased. The task force is looking for areas where increased cooperation and coordination could result in more efficient use of resources within the ERCB and the NEB. It is hoped that this process will lead to reduced regulatory burden on the public and the pipeline industry through consistent and compatible regulatory requirements, and more expeditious regulatory processes. The task force will meet quarterly and advise both Boards of progress after each meeting.

Common Reserves and Data Bases - National Energy Board and Energy Resources Conservation Board of Alberta

Following the 1993 Canada-Alberta economic summit, the Board and ERCB approved terms of reference for the design and implementation of a common reserves data base for oil and gas reserves. Both Boards are committed to developing more efficient methods for maintaining estimates of reserves, not only to meet the requirement of each Board but also to further other joint efforts. A formal agreement between the two Boards is expected to be signed in early 1994, with full implementation twelve months thereafter.

Natural Gas Resource Assessment - Northeast British Columbia (Working Paper)

The Board has identified a need for a

methodology to determine and evaluate potential oil and gas resources for specific project needs. A review of current practices and approaches by industry and other government departments involve in resource assessment has concluded that existing resource assessments are regional in nature. Given the Board is required to analyze specific supplies associated with defined areal limits, in either export applications situations or for facility expansions, the regional-based or play-based methodologies do not yield adequate detail.

The Board has developed a methodology which is equally applicable to pool or field reserves assessment as it is to area specific potential or basin specific potential. The Board has prepared a working paper that outlines the details of the assessment methodology and a specific example illustrating its application and use. The project area, northeastern British Columbia, was chosen as an example application for the methodology.

Copies of the working paper were distributed to interested persons in industry and other government departments to obtain comments and suggestions on the methodology of the northeast British Columbia assessment. Comments will be collected, and an update to the working paper will issued or alternatively, the Board may host a technical workshop to discuss assessment methodologies in general

Advisory Panel on Regulatory Review - Board Action

The following is a status report on the specific action being taken or contemplated by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review.

The Guidelines for the Filing of Information by Companies for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consulta-

tion; the process should take cognizance of information formats consistent with industry practice; the need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".

The Guidelines are presently being reviewed internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested persons for comment.

The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.

The Board is presently reviewing the Guidelines internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested persons for comment.

In revising the Guidelines, the Board has been mindful of the costs and benefits of the changed requirements. For the most part the revisions represent an extension of the existing approach which has developed since 1979. In the past, there has not been overlap and duplication of socio-economic assessments of international and interprovincial pipelines at the provincial or municipal levels. The practice is for these levels of government to rely on the Board's process. The updating and refinement of the Board's process should, if anything, strengthen support for continuing with this approach.

The changes proposed reflect evolving industry practice in undertaking socio-economic assessments and/or the inclu-

sion of matters that will have to be covered once the *Canadian Environmental Assessment Act* ("CEAA") is proclaimed. By explicitly taking into account the CEAA requirements at this stage, overlap, duplication and delay at the federal level may be avoided by reducing the likelihood of a second or parallel assessment.

Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing industry construction/operation and worker safety standards.

The Board has completed its review of the guidelines and they will be forwarded to industry and other interested persons for comment in March 1994.

Draft NEB Electricity Regulations dealing with both, International Power Lines and Electricity Exports should not be Gazetted before completion of the current round of consultations with affected industries; a revised memorandum of Guidance respecting these changes will be released outlining all the changes in the subject regulations; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.

The Draft Regulations were forwarded to interested persons for comment in October 1993. Comments were due by mid-January 1994. It is expected that the Draft Regulations will be forwarded to the Privy Council Office - Justice in May 1994.

On 14 July 1993, the Board issued a Memorandum of Guidance respecting changes to the processing procedures for international power lines and electricity export applications.

Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.

The clarification that the Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated in the Guidelines which are contained in Appendix IV to the 14 July 1993 Memorandum of Guidance mentioned above.

Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.

On 4 October 1993, the Board issued for comment to the Group I companies and other interested persons a paper outlining proposed modifications to the content and format of the Group I companies surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. Comments from the Group I companies and other interested persons were due on 15 November 1993 and reply comments were due on 29 November 1993. On 16 February 1994, the Board issued a Memorandum of Guidance providing revised guidelines for the preparation of surveillance reports.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period. In October, the Board sent a letter to all interested persons

informing them of that decision (refer to Electronic Regulatory Filing on page 18).

The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.

A consensus does not exist on the incentive regulation concepts discussed at the Incentive Regulation Workshop held in January 1993. Nevertheless, the Board is pursuing a number of follow-up initiatives. These include a re-evaluation of the financial information required to be filed by pipelines to ensure that only relevant data are collected and then in a way that facilitates analysis of pipeline performance, assessment of the feasibility of developing further indicators of pipeline performance, a re-examination of the Board's audit policy and consideration of more efficient processes for determining pipeline return on equity. The development of initiatives will involve full consultation with interested persons.

In May 1993, the Board issued a discussion paper outlining a possible approach to a generic determination of rate of return on equity. On 20 July 1993, after reviewing submissions from interested persons, the Board determined, given the absence of consensual support for a generic approach to establishing rate of return, that it would not propose to hold a generic rate of return hearing.

The Board is presently reviewing its September 1988 negotiated settlement guidelines. Following the internal review, a revised version of the settlement guidelines will be forwarded to industry and other interested persons for comment.

Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to

determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.

The Board is presently reviewing the Guidelines internally. Following the internal review, a revised version of the Guidelines will be forwarded to industry and other interested persons for comment.

NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.

The Board has initiated discussions with interested persons to determine whether harmonization with provincial technical standards for crossings can be achieved in time for the Board's scheduled revision of the Crossing Regulations in 1994.

Memorandum of Guidance on NEB Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.

The Board is presently reviewing the Memorandum of Guidance internally. Following the internal review, comments will be solicited from industry and other interested persons.

Speech

"Canadian Gas: Fits Better All the Time" a presentation by R. Priddle, Chairman, to the U.S Department of Energy and the National Association of Regulatory Commissioners'" 3rd Annual Conference on Natural Gas Use in Nashville, Tennessee on 14 February 1994

Documents issued

1. Excavation and Construction Near Pipelines - February 1994
2. Memorandum of Guidance Re: Quarterly Surveillance Reports Filed Pursuant to the Toll Information Regulations - 16 February 1994

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

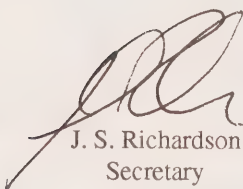
and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

L1: Everything the Board issues
L4: Oil and Gas matters
L5: Electrical matters
L6: Annual Reports only
L7: Press Releases only
L8: Regulatory Agendas only
L9: Environmental Matters

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
Pipeline	35		
Power Line	30	(iv) Tolls	
(ii) Export licences		Class I and II Adjustments	20
Natural Gas	35	Interim Orders	20
Electricity	30	Operating and Maintenance Budgets	20
(iii) Tolls	35	Changes in Depreciation Rates	20
(iv) Land Acquisitions	10	Quarterly Surveillance Reports	20
		New or Changed Tariffs	20
		Domestic Gas Sales Contracts and	
		Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) Natural Gas		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines	
Orders for Transmission Access	20	(Sec. 58)	20
Licence Amendments	20	Certificate Amendments	20
Amendments to Export Contracts	20	Certificate Revocations	20
Licence Revocations	20	Leave to Sell or Transfer	20
		Incident Reports	20
(ii) Electricity Exports		(vi) Other	
Permits	15	Application for Review	20
Licence or Permit Amendments	15		
Licence or Permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers

(Area Code 403)

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726

Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Lillian Handelman	299-2741

Member	Anita Côté-Verhaaf	299-2739
Secretary	Lillian Handelman	299-2741

Member	Céline Bélanger	299-2737
Secretary	Mary Lou Scharf	299-2734

Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728

Member	Kenneth W. Vollman	299-2730
Secretary	Mary Lou Scharf	299-2734

Member	Robert Andrew	299-2736
Secretary	Mona Butler	299-2728

EXECUTIVE DIRECTOR

Executive Director	Robin Glass	299-2700
Admin. Coordinator	Wilma Philp	299-2701

Associate Executive Director	Peter Miles	299-3154
Admin. Coordinator	Jan Dane	299-3155

Special Advisor	Glenn Yungblut	299-2788
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Advisory Support	Alex Karas	299-3165
	Fred Lepine	299-2790

FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY BRANCH

Director	Jim Klotz	299-3684
Secretary	Judy Kelso	299-3692

Chief, User Services (Information Technology)	Don Emmens	299-3602
Secretary	Nelda Ginn	299-3603

Project Manager, Electronic Regulatory Filing	Kenneth Wing	299-3605
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Chief, Network Management

Monique Girard 299-3604

PERSONNEL BRANCH

Director	Jim Thompson	299-3694
Secretary	Sylvie Joanisse	299-3695

Corporate Planning and Review Branch (Eliminated - Functions to be combined with Finance and Personnel branches)

Manager, Internal Audit	Roy E. Aylett	299-2749
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Manager, Corporate Planning and Program Evaluation	Vacant	299-2750
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Secretary	Francine Poudrette	299-2748
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OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Admin. Coordinator	Rita Bargetzi	299-2715
Secretary	Deborah Larch	299-2712

Asst. Secretary, Regulatory	Karla Reesor	299-2714
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Asst. Secretary, Communications	Ann Sicotte	299-2713
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Communications Officer	Denis Tremblay	299-2717
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Communications Officer	Ross Hicks	299-3930
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Manager, Library	Helen Booth	299-3562
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Library, Information		299-3561
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Board Distribution Centre		292-4800
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General Information		292-4800
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ECONOMICS BRANCH

Director	John Hayward	299-3621
Secretary	Carmen Maier	299-3622

Manager, Regulatory Economic Division	Glenn Booth	299-3621
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ENERGY RESOURCES BRANCH**Safety**

Director	Graham Campbell	299-3102	Chief	Jake Abes	299-2777
Secretary	Pat Cormier	299-3103			
Admin. Coordinator	Janet Soucy	299-3517			

**Crude Oil, NGL
and Coal Supply Division**

Chief	Gerrit Hos	299-3120
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Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Chief	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

Chief	Bruce Young	299-3147
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Frontier Resources

Chief	Giles Morrell	299-3117
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ENGINEERING BRANCH

Director	John McCarthy	299-2776
Secretary	Eileen McLeod	299-2758
Admin. Coordinator	Cecilia Cupido	299-2752

Special Advisor - Diving	Jan Merta	299-2791
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Manager, Northern Region	Andy Graw	299-3101
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Facilities and Production

Chief	Terry Baker	299-2792
Secretary	Karen Befus	299-2789

Westcoast and Interprovincial

Chief	Brenda Kenny	299-2761
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Gas Pipelines East

A/Chief	Paul Trudel	299-2768
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Group 2 Pipelines and Oil Pipelines

Chief	Franci Jeglic	299-2774
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**Alberta Natural Gas, Foothills Pipe Lines
and Northern Pipeline Agency**

A/Chief	Robert Power	299-2769
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ENVIRONMENT BRANCH

Director	Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalfe	299-3676

Biological Environment Division

Chief	Jim McComiskey	299-3677
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Physical Environment Division

Chief	Oleh Mycyk	299-3678
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**Operations Emergency Response and
Financial Liability Division**

Chief	Jim Anderson	299-3682
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Socio-Economics and Lands

Manager	John Stewart	299-3902
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Environmental Studies Research Funds

Manager	Brian Nesbitt	299-3679
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FINANCIAL REGULATION BRANCH

Director	Gaétan Caron	299-3646
Secretary	Josée L'heureux	299-3647

**Gazoduc T.Q.M. Inc, Alberta Natural Gas
and Group 2 pipelines**

Chief	Vacant	292-5048
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**Interprovincial Pipe Lines, Trans-Northern
Pipe Lines and Cochin Pipelines**

Chief	Vacant	299-3649
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***Westcoast Energy Inc. and
Trans Mountain Pipe Line***

Chief	Albert Fung	299-3662
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***TransCanada PipeLines and
Interprovincial (NW)***

Chief	Steve Brown	299-3653
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GAS AND OIL BRANCH

A/Director	Hans Pols	299-3195
Secretary	Linda Byers	299-3185

Transportation and Oil Exports

Chief	Vacant	299-3195
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Gas Export		
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A/Chief	Cliff Brown	299-3190
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Market Analysis and Export Surveillance

Chief	Sandra McDonough	299-3186
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ELECTRIC POWER BRANCH**

Director	Vacant	299-3165
Secretary	Jan McClintock	299-3166

Regulatory

Chief	Ivan Harvie	299-3167
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Generation Planning

Chief	Alec Penman	299-3180
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** The status of the Electric Power Branch will be decided as soon as possible following completion of the current evaluation of the branch and, in the interim, will report through the Associate Executive Director.

LAW BRANCH

General Counsel and		
Director	Judith Snider	299-2703
Secretary	Maureen Cooley	299-2704

Counsel	Margery Fowke	299-2708
Counsel	Irene Gendron	299-2709
Counsel	Vacant	292-6495
Secretary	Elizabeth Arden	292-6540

Counsel	Peter Noonan	299-3552
Counsel	Lori Ann Boychuk	299-2707
Counsel	Judith Hanebury	292-6497
Counsel	Gordon Nettleton	292-6489
Secretary	Susan Gudgeon	299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments will be introduced to formally transfer certain frontier oil and gas regulatory functions to the National Energy Board. When this occurs, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act will encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

National Energy Board
311 - Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2
(403) 292-4800

Regulatory Agenda

Issue No. 49

(The period covered in this Regulatory Agenda is 1 March to 31 May 1994)

June 1994

Applications Considered by Public Hearing

Recent Hearing Decisions

1. *Natural Gas Export Applications - GH-5-93*

Reasons for Decision dated February 1994; issued on 15 March 1994.

The Board held a public hearing on 31 January 1994 in Calgary on applications from five companies for 16 licences to export natural gas and for amendments to two existing natural gas export licences. The Board is currently conducting a review of its decision (refer to item 2 under *Reviews Under Consideration* and item 3 under *Appeals Pending* on page 6).

The Board approved the following applications.

An application from Brooklyn Navy Yard Cogeneration Partners, L.P. for a 15-year licence to export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario. The natural gas will be used to fuel a cogeneration facility to be constructed by Brooklyn Navy Yard in Brooklyn, New York.

An application from Husky Oil Operations Ltd. for a 15-year licence to export some 398 000 cubic metres (14.0 million cubic feet) of natural gas per day at Huntingdon, British Columbia. The natural gas will be used to fuel a power

production facility to be constructed by Tenaska Washington Partners II, L.P. near Tacoma, Washington.

Three applications from ProGas Limited to amend two existing natural gas export licences and for the issuance of eight new natural gas export licences.

The first ProGas application approved is for six licences, for terms of seven and ten years, to export some 1 681 500 cubic metres (59.4 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences will be for the export of natural gas to Michigan Gas Utilities, Wisconsin Fuel & Light Company, Wisconsin Gas Company, Wisconsin Natural Gas Company,

Wisconsin Power & Light Company and Wisconsin Public Service Corporation, six local distribution companies in the states of Michigan and Wisconsin. The Board also approved an amendment to an existing licence by reducing the authorized export volumes.

The second ProGas application approved will extend the term of an existing licence by seven years and to increase the total quantity of natural gas that may be exported during the term of the licence from 13.8 billion cubic metres (487.3 billion cubic feet) to 19 billion cubic metres (671.2 billion cubic feet). Under that licence, ProGas exports natural gas to Northeast Energy Associates and North Jersey Energy

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National Energy Board



The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



Associates. The natural gas is used to fuel two cogeneration plants in Bellingham, Massachusetts and Sayreville, New Jersey.

The third ProGas application approved is for two licences, with terms of four and nine years, to export a total of 413 800 cubic metres (14.6 million cubic feet) of natural gas per day at Emerson, Manitoba. The licences are for the export of natural gas to the Wisconsin Gas Company and Wisconsin Public Service Corporation, two local distribution companies located in the state of Wisconsin. The Board also approved an amendment to an existing licence by reducing the authorized export volumes.

An application from Western Gas Marketing Limited for five licences to export a total of 4.5 million cubic metres (159.1 million cubic feet) of natural gas per day at Emerson, Manitoba. The natural gas will be exported to Wisconsin Gas Company, Wisconsin Public Service Corporation, Wisconsin Natural Gas Company, Wisconsin Power & Light Company and Wisconsin Fuel & Light Company, five local distribution companies located in the state of Wisconsin.

In the case of an application from Shell Canada Limited for a 15-year licence to export some 609 000 cubic metres (21.5 million cubic feet) of natural gas per day at Huntingdon, British Columbia, the Board decided to reduce the applied-for term volume by one-third because it was not satisfied with the adequacy of Shell's gas supply. The natural gas will be used to fuel a power production facility to be constructed by Tenaska Washington Partners II, L.P. near Tacoma, Washington.

The licences and amendments to the existing licences are subject to Governor in Council approval.

2. *Westcoast Energy Inc. - 1994 Tolls - RH-2-93*

Reasons for Decision dated March 1994: issued on 31 March 1994

The Board held a public hearing from 18 October to 2 November 1993 in Vancouver and Calgary on an application by Westcoast for approval of 1994 tolls.

The Board has set new tolls to be charged effective 1 January 1994 by Westcoast.

The Board estimated that final tolls for 1994 will be approximately 4.5 percent lower than the 1993 tolls. Westcoast had requested an overall toll decrease of one percent over tolls approved for 1993. The Board also estimated that the approved revenue requirement for 1994 will be approximately \$368 million, or approximately \$13 million less than the applied-for amount of \$381 million. Westcoast has been directed to file final tolls with the Board, reflecting this decision.

The Board also approved a rate of return on common equity of 11.5 percent, and decided that Westcoast's deemed common equity ratio will remain at 35 percent.

The Board decided to approve a global amount of operating and maintenance expenses instead of focusing on specific items, leaving Westcoast the flexibility to decide where the funds should be expended. For 1994, the Board approved global operating and maintenance expenses of \$126 million, or \$1.1 million less than the applied-for amount of \$127.1 million.

On 3 and 12 May 1994, the Board approved Westcoast's final tolls for 1994.

3. *InterCoastal Pipe Line Inc. and Interprovincial Pipe Line Inc. - Pipeline Facilities - GH-4-93*

Reasons for Decision dated April 1994: issued on 28 April 1994.

The Board held a public hearing from 10 January to 4 February 1994 in London, Ontario, on applications from InterCoastal and Interprovincial which would have permitted Intercoastal to

own and operate a natural gas pipeline in southern Ontario. On 28 April 1994, the Board denied these applications.

InterCoastal applied for leave to purchase Interprovincial's existing Line 8 including the transfer to InterCoastal of the related Certificates and Orders; to convert the existing Line 8 from crude oil to natural gas service; and for authorization to construct additional facilities. InterCoastal also applied for approval of its tariff for transportation service, toll design and cost allocation methodologies and InterCoastal's interim tolls. Interprovincial applied for authorization to abandon the operation of Line 8 as a crude oil pipeline and for leave to sell the facilities to InterCoastal.

InterCoastal is jointly owned by Interprovincial and ANR Pipeline Company (ANR) of Detroit, Michigan. The InterCoastal pipeline is part of a larger proposal for an international natural gas pipeline system that would also include natural gas facilities in the United States to be owned and constructed by ANR.

The system would have had the capacity to transport up to 3.8 million cubic metres (133 million cubic feet) per day of natural gas to markets in eastern Canada and the northeast United States for the period 1 November 1994 to 31 October 1996, and up to five million cubic metres (175 million cubic feet) per day thereafter. The project was to be in service by 1 November 1994.

The Board said in its Decision that major and difficult issues in the hearing involved safety and the criteria the Board should use to assess the safety of the conversion of Line 8 to high pressure gas service. While the Board was satisfied with many aspects of the InterCoastal proposal, the Board had reservations about several features of the detailed design. These include the integrity of the existing pipe, localised depth of cover problems, minimum design temperature, hazard assessment and setback requirements.

4. *Westcoast Energy Inc. - Sukunka Fuel Gas Pipeline - GH-1-94*

Reasons for Decision dated May 1994; issued on 12 May 1994.

The Board held a public hearing on 18 and 19 April 1994 in Vancouver on an application from Westcoast to construct a fuel gas pipeline, known as the Sukunka Fuel Gas Pipeline, in north-eastern British Columbia.

The Board approved the construction of approximately 51 kilometres (32 miles) of pipeline to transport sweet fuel gas from Westcoast's Pine River Gas Plant to natural gas production facilities in the Sukunka and West Sukunka area of northeastern British Columbia. The Company estimates the cost of the facilities to be \$8.1 million. The prospective shippers on the new pipeline are Talisman Energy Inc., Amoco Canada Petroleum Company Ltd., Ocelot Energy Inc. and Shell Canada Limited. The use of residue gas as a fuel gas at the production facilities will reduce sulphur emissions from the Sukunka and West Sukunka facilities.

The Board also approved the tolls and tariffs associated with service through the proposed pipeline facilities.

Hearing Decision Pending

1. *TransCanada PipeLines Limited - 1994 Tolls - RH-4-93*

The Board held a public hearing from 7 to 24 February 1994 in Ottawa and from 7 to 16 March 1994 in Calgary on an application by TransCanada for approval of 1994 tolls.

The tolls requested by TransCanada for the Eastern Zone average 1.8 percent higher than the tolls in effect during 1993.

TransCanada has also requested a 6.4 percent increase in its revenue requirement, to \$1,632.0 million from \$1,533.9 million and a rate of return on common equity of 12.375 percent on a common

equity ratio of 30 percent. This compares to a rate of return on common equity of 12.25 percent on a common equity ratio of 30 percent that the Board approved for TransCanada for 1993.

Hearings Scheduled

1. *TransCanada PipeLines Limited - 1995/96 Additional Facilities*

The Board will hold a public hearing commencing on 5 July 1994 in Calgary on an application by TransCanada for approval to construct new pipeline and compression facilities on its mainline system in Ontario and Quebec.

TransCanada applied for permission to construct approximately 55.2 kilometres (34.1 miles) of pipeline and to add 70.3 megawatts of new compression. The proposed new facilities, if approved by the Board, would permit TransCanada to meet requests for new long-haul firm services totalling 2.5 million cubic metres (88.8 million cubic feet) per day. If approved by the Board, TransCanada plans to begin construction in 1995 and the new facilities would come into service by 1 November 1995.

2. *Multi-Pipeline Cost of Capital Hearing*

The Board will hold a public hearing commencing on 12 September 1994 in Calgary on the cost of capital for Group 1 pipeline companies under its jurisdiction, with the exception of Interprovincial Pipe Line (NW) Ltd. and Cochin Pipe Lines Ltd., which are regulated differently because of their relatively small size. Group 1 companies include the five largest gas pipelines and the five largest oil and products pipelines.

A pre-hearing conference to address procedural matters associated with these proceedings was held on 17 May 1994 in the Board's hearing room.

This is the first time the Board has considered the cost of capital (rate of return

on common equity and capital structure) for all Group 1 pipeline companies in a single hearing.

The Board would like to avoid annual hearings on the cost of capital for the major Group 1 pipeline companies. It is the Board's intention to set the cost of capital for multi-year periods with provisions for a predetermined adjustment mechanism to the rate of return on common equity component.

This hearing will be restricted to cost of capital matters. Matters other than these issues which are normally raised by virtue of the Board's mandate will be addressed in the pipeline companies' individual toll proceedings.

Pipeline companies which present an acceptable uncontested settlement to the Board two weeks prior to the beginning of the September hearing, on either their capital structure or their rate of return on equity, will be exempted from having to deal with either of these matters in this proceeding. Pipeline companies which have been exempted by virtue of a settlement can still participate as interested parties.

Hearing Adjourned

1. *Various Natural Gas Export Applications - GH-3-94*

The Board has adjourned a public hearing which was to commence on Tuesday, 26 July 1994 in Calgary to consider five applications for seven licences to export natural gas.

The Board received a number of requests from individuals and organizations to adjourn the hearing pending the completion of the review (the Review) of its decision in GH-5-93 (refer to item to item 2 under *Review Under Consideration* at page 6).

The Board considered the requests and decided to adjourn the hearing. In arriving at its decision, the Board noted paragraph 12 of the GH-3-94 Hearing Order

in which the Board addressed the matter of advising parties as to the extent to which this hearing may be affected by the outcome of the Review. As the decision in the Review has not yet been released, the Board came to the conclusion that this hearing must be adjourned pending the decision in the Review. Otherwise, there may not be sufficient time to carry out the Timetable of Events contained in the GH-3-94 Hearing Order.

The applications that were to be considered at the hearing are described below.

CanStates Gas Marketing applied for two 15-year licences to export a total of 1.3 million cubic metres (45 million cubic feet) of natural gas per day at Kingsgate, British Columbia. The natural gas will be used to fuel a proposed combined cycle electricity generating plant at Hermiston, Oregon.

Chevron Canada Resources applied for a 15-year licence to export some 585 800 cubic metres (20.7 million cubic feet) of natural gas per day at Kingsgate, British Columbia. The natural gas will be used to fuel a proposed combined cycle electricity generating plant at Hermiston, Oregon.

Renaissance Energy Ltd. applied for a 9-year licence to export some 140 000 cubic metres (4.9 million cubic feet) of natural gas per day at Monchy, Saskatchewan. The natural gas will be sold to AmGas Inc., a natural gas marketing company located in Omaha, Nebraska.

Renaissance Energy Ltd. applied for two 10-year licences to export a total of 208 000 cubic metres (7.4 million cubic feet) of natural gas per day at Niagara Falls, Ontario. The natural gas will be sold to Bay State Gas Company, the largest independent gas distributor in New England, and Northern Utilities, Inc. a local distribution company serving communities in New Hampshire and Maine.

Western Gas Marketing Limited applied for a 9-year licence to export some 205 000 cubic metres (7.2 million cubic feet) of natural gas per day at Emerson, Manitoba. The natural gas will be sold to Michigan Gas Utilities, a local distribution company in the State of Michigan.

Hearing Applications Withdrawn

1. *Alberta Natural Gas Company Ltd - Pipeline Facilities - GH-6-93*

On 28 April 1994, Alberta Natural Gas withdrew its 1995 expansion application. The Board therefore cancelled a public hearing which had been set for Monday, 2 May 1994 to hear the application.

In withdrawing its application, the company said that "sufficient arrangements have been made which obviate the need for any new ANG facilities to accommodate the Company's contracted requirements of the 1995 expansion shippers."

Alberta Natural Gas had applied for additions and modifications to two of its three existing compressor stations in south-eastern British Columbia, located near Elko and Moyie (including a new compressor unit at each site). The estimated cost of the project was \$52 million.

2. *Alberta Natural Gas Company Ltd - 1993/1994 Tolls*

The Board has cancelled a public hearing which had been set for Monday, 13 June 1994 to consider Alberta Natural Gas' tolls effective 1 November 1993.

On 2 June 1994, Alberta Natural Gas advised the Board that it had reached a settlement with the Canadian Association of Petroleum Producers concerning the issues that were to be dealt with by the Board in the hearing. The settlement provides for a rate of return on common equity of 12 percent on a deemed capital structure of 30 percent equity and shall be effective for the period 1 November 1993 to 31 December 1994.

The Board had decided to hold a public hearing following a complaint that negotiations to resolve cost of capital related issues had broken off between Alberta Natural Gas and the Canadian Association of Petroleum Producers and the Alberta Petroleum Marketing Commission. All three parties had requested the Board to hold a public hearing.

Matters Considered by Written Submission

Matter Completed

1. Trans Mountain Pipe Line Company Ltd. - Pipeline Facilities - OHW-1-93

Reasons for Decision dated April 1994; issued on 28 April 1994.

The Board approved an application by Trans Mountain for expansion of its oil pipeline facilities. The company will be expanding its pipeline system through Alberta, British Columbia and Washington State.

Trans Mountain's project includes the reactivation of an 81 kilometre (50 miles) pipeline loop between Edson, Alberta and Hinton, Alberta, the construction of a new pump station at Kingsvale, British Columbia, the installation of a domed roof on an existing tank at the company's Sumas, British Columbia tank farm and modifications at the 10 existing pump stations. The expansion will permit Trans Mountain to ship an additional 6 000 cubic metres

(38 000 barrels) per day of product through its pipeline system. The system's current capacity is approximately 36 000 cubic metres (230 000 barrels) per day.

Trans Mountain estimates that the project will cost \$27.5 million.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are dormant.

Dormant

Status unchanged, see issue No. 47 of the Regulatory Agenda dated 1 December 1993 on page 5.

Reviews and Appeals

Review Completed

1. *Foothills Pipe Lines Ltd. - Reasons for Decision RH-1-93 - 1993 Tolls*

(Refer to item 2 under *Appeals Pending* below)

On 22 April 1994, the Board denied a request from Foothills to review its 25 November 1993 decision on tolls to be charged by the company.

In denying the request, the Board said Foothills had not succeeded in providing information sufficient to warrant a review of Decision RH-1-93 and its companion order in the circumstances of this case.

In its November 1993 decision, the Board approved a rate of return on common equity of 11.5 percent. Foothills had applied for 13 percent, but reduced its request to its previously approved rate of 12.5 percent at the beginning of the public hearing. The Board also approved a common equity ratio for Foothills of 28 percent. Foothills had applied for a common equity ratio of 35 percent and had been operating since its inception in 1981 with an actual common equity component of 25 percent, plus or minus five percent.

Foothills applied for a review, referring to certain aspects of the Board's decision related to the company's business risks and common equity ratio.

Review Under Consideration

2. *Rocky Mountain Ecosystem Coalition (RMEC) - Review of Reasons for Decision GH-5-93*

(Refer to item 1 under *Recent Hearing Decisions* on page 1 and item 3 under *Appeals Pending* below)

On 15 March 1994, the Board issued its Reasons for Decision on applications from five companies for 16 licences to export natural gas and for amendments to two existing natural gas export licence

On 7 March 1994, the Board received an application from the RMEC requesting that the Board review its decisions taken in hearing GH-5-93. RMEC submitted that the judgement of the Supreme Court of Canada rendered 24 February 1994 in the case of *The Grand Council of the Crees (of Quebec) et al v. Attorney General of Canada et al*, constitutes a

change in circumstance which warrants a review of the decisions.

The Board considered REMC's application and has determined that the application raises a question as to the correctness of the Board's decisions, insofar as they relate to the scope of the assessments of the potential environmental effects and directly related social effects of the exports. Therefore, the Board decided to conduct a written review of its decisions. In this review, parties were asked to make submissions on the correctness of the decisions and, if they are incorrect, submissions on the information that would allow the Board to meet its obligations under the Environmental Assessment Review Process Guidelines Order and the National Energy Board Act.

Submissions were due on 15 April 1994 and reply submissions were due on 6 May 1994.

Appeals

Appeals Pending

1. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

2. *Foothills Pipe Lines Ltd. - Reasons for Decision RH-1-93 - 1993 Tolls*

(Refer to item 1 under *Review Completed* above)

On 22 December 1993, Foothills applied to the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision of proceeding RH-1-93 regarding Foothills' tolls for 1993.

The grounds for appeal are as follows:

- a) The Board breached the rules of natural justice and procedural fairness and thereby erred in law or jurisdiction when it fundamentally changed the basis on which it assessed Foothills' business risks without giving Foothills notice of, or the opportunity to address, this fundamental change.
- b) The Board erred in law and jurisdiction by addressing its mind to the wrong question and disregarding relevant evidence when it used the mid-1980's as the departure point for its analysis of changes in Foothills' business risks over time.
- c) The Board erred in law or jurisdiction in reaching the conclusion that a common equity component not exceeding 28 percent would provide Foothills with additional financial flexibility when such a conclusion was contrary to the evidence before the Board and the Board's own findings.

Foothills requested that the Court defer action on the application for leave to appeal until the Board has disposed of Foothills' application for review.

Foothills withdrew its application on 31 May 1994.

3. *Rocky Mountain Ecosystem Coalition (RMEC) - Application for Leave to Appeal the Board's Reasons for Decision GH-5-93*

(Refer to item 1 under *Recent Hearing Reports* on page 1 and item 2 under *Review Under Consideration* above)

On 15 April 1994, RMEC filed an application in the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision GH-5-93 issued on 15 March 1994. RMEC sought leave to appeal on the grounds that the Board erred in law and jurisdiction in ruling that it did not have the jurisdiction to hear evidence relating to the upstream environmental effects of the export applications, and further, in subsequently refusing therefore to consider the environmental effects in coming to its decision.

RMEC requested that the Court defer action on the application for leave to appeal until the Board has completed its review of the GH-5-93 Reasons for Decision.

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 March 1994 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Gas Matters

Matters Completed

1. *ProGas Limited - Approval of an Amending Agreement - Natural Gas Export Licence GL-98*

On 23 March 1994, the Board approved an application dated 11 March 1993 from ProGas for approval of an Amending Agreement dated 31 October 1993 between ProGas and ANR Pipeline Company and new Gas Sales Agreement dated 31 October 1993 between ProGas and ANR Gas Supply Company underpinning exports under natural gas export Licence GL-98.

2. *Ramarro Resources Inc. - Approval of an Amended and Restated Gas Sales Contract - Natural Gas Export Licence GL-139*

On 6 May 1994, the Board approved an application dated 8 April 1994 from Ramarro for the approval of an Amended and Restated Gas Sales Contract dated 1 November 1992 between Ramarro and KCS Energy Management Services, Inc. underpinning exports under natural gas export Licence GL-139.

Matter Under Consideration

3. *Selkirk Cogen Partners, L.P. - Approval of a Second Amendment to a Gas Sales Contract - Natural Gas Export Licence GL-157*

On 3 March 1994, Selkirk applied for approval of an Amended and Restated Gas Purchase Contract dated 26 September 1993 underpinning exports under natural gas export Licence GL-157.

On 29 April and 18 May 1994, the Board sent letters to Selkirk requesting additional information.

Pipeline Matters

Matters Completed

1. *Remington Energy Ltd. - Pipeline Facilities*

On 10 March 1994, the Board approved an application dated 22 December 1993 from Remington to construct approximately 6.6 kilometres of pipeline from Doe River, British Columbia to Pouce Coupe, Alberta. The estimated cost of the facilities is \$750 000. The purpose of the pipeline is to connect a recently constructed gathering line in British Columbia with the Remington's Pouce Coupe pipeline system in Alberta.

2. *Westcoast Energy Inc. - Fireweed Offload Pipeline*

On 14 April 1994, the Board approved an application from Westcoast to construct approximately 9.5 kilometres of pipeline connecting the Alaska Highway Pipeline and the Nig Creek Pipeline on the Fort St. John Gathering System. The estimated cost of the project is \$3.3 million.

3. *Section 58 Pipeline Applications*

The Board has approved or is considering several applications under section 58 of the National Energy Board Act for routine facilities. Section 58 applications are for pipeline projects that do not involve new pipelines greater than 40 kilometres in length and may be considered by the Board without a public hearing. Accordingly, this section is used for short pipeline projects, upgrades to the system, other modification, and routine minor capital additions.

Gas Pipelines

Alberta Natural Gas Company Ltd
Application dated 9 December 1993
Approved on 24 January and 17 March 1994
Estimated Cost: \$4 695 000
Order Numbers: XG-A2-05-94 and XG-A2-12-94.

Alberta Natural Gas Company Ltd
Application dated 23 December 1993
Approved on 19 May 1994
Estimated Cost: \$1 400 000
Order Number: XG-A2-24-94

Alberta Natural Gas Company Ltd
Application dated 23 December 1993
Approved on 17 March 1994
Estimated Cost: \$1 596 000
Order Number: XG-A2-11-94

Canadian-Montana Pipe Line Company Limited
Application Dated 21 April 1994
Estimated Cost: \$34 000
Status: Awaiting a response to the Board's information request.

Consumers' Gas (Canada) Ltd.
Application dated 22 April 1994
Approved on 19 May 1994
Estimated Cost: \$45 000
Order Number: AO-2-MO-14-92

Dome Kerrobert Pipeline Ltd. and PanCanadian Kerrobert Pipeline Ltd.
Application dated 12 April 1994
Estimated Cost: \$1 800 000
Status: Awaiting a response to the Board's information request of 25 April 1994.

Gaz Métropolitain inc. on behalf of Champion Pipe Line Corporation Limited
Application dated 31 January 1994
Approved on 10 March 1994
Estimated Cost: \$27 000
Order Number: XG-C17-14-94

Foothills (Sask.) Pipe Lines Ltd.
Application dated 19 April 1994
Approved on 25 April 1994
Estimated Cost: \$500 000
Order Number: XG-F12-21-94

Huntingdon International Pipeline Corporation
Application dated 12 May 1994
Estimated Cost: \$82 440
Status: Under consideration
Petrorep Resources Ltd.
Application dated 9 March 1994
Approved on 8 April 1994

Estimated Cost: \$3 000
Order Number: XG-P152-18-94

TransCanada PipeLines Limited
Application dated 27 September 1993
Estimated Cost: \$65 567 000
Status: The Board approved parts of the application on 9 December 1993, 14 February, 21 April and 17 May 1994 totalling \$50 714 000, Order numbers XG-T1-56-93, XG-T1-09-94, XG-T1-16-94 and XG-T1-28-94.

TransCanada PipeLines Limited
Application dated 9 December 1993
Approved on 28 April 1994
Estimated Cost: \$29 139 000
Order Number: XG-T1-17-94

TransCanada PipeLines Limited
Application dated 22 March 1994
Estimated Cost: \$23 265 000
Status: The Board approved part of the application on 28 April 1994 totalling \$23 243 000, Order number XG-T1-20-94

TransCanada PipeLines Limited
Application dated 22 March 1994
Approved on 17 May 1994
Estimated Cost: \$22 000
Order Number: XG-T1-26-94

Westcoast Energy Inc.
Application dated 15 October 1993
Estimated Cost: \$67 441 000
Status: The Board approved parts of the application on 24 March, 5 and 19 May 1994 totalling \$62 453 000, Order numbers XG-W5-15-94, XG-W5-25-94 and XG-W5-27-94.

Westcoast Energy Inc.
Application dated 29 March 1994
Approved on 28 April 1994
Estimated Cost: \$8 293 000
Order Number: XG-W5-19-94

Westcoast Energy Inc.
Application dated 2 May 1994
Estimated Cost: \$2 854 000
Status: Under consideration

Oil Pipelines

Amoco Canada Petroleum Company Ltd.,
on behalf of Dome NGL Pipelines Ltd.
Application dated 21 January 1994

Approved on 10 March 1994
Estimated Cost: \$80 000
Order Number: XO-D7-10-94

Interprovincial Pipe Line Inc.
Approved on 3 February, 4 and 31 March and 21 April 1994
Application dated 10 September 1993
Estimated Cost: \$69 544 300
Order Numbers: XO-J1-06-94, XO-J1-11-94, XO-J1-13-94 and XO-J1-16-94.

Interprovincial Pipe Line Inc.
Approved on 18 May 1994
Application dated 25 April 1994
Estimated Cost: \$459 000
Order Number: XO-J1-21-94

Interprovincial Pipe Line (NW) Ltd.
Application dated 21 April 1994
Approved on 5 May 1994
Estimated Cost: \$242 000
Order Number: XO-J34-18-94

Manito Pipelines Ltd.
Application dated 1 February 1994
Approved on 3 March 1994
Estimated Cost: \$12 000
Order Number: XO-M42-09-94

Trans Mountain Pipe Line Company Ltd.
Application dated 24 September 1993
Estimated Cost: \$12 935 000
Status: The Board approved parts of the application on 10 March 1994 totalling \$11 159 800, Order number XO-T4-07-94

Trans-Northern Pipelines Inc.
Application dated 15 December 1993
Estimated Cost: \$4 612 000
Status: The Board approved part of the application on 27 January and 31 March 1994 totalling \$3 912 000, Order numbers XO-T2-04-94 and XO-T2-14-94.

Trans-Northern Pipelines Inc.
Application dated 11 April 1994
Estimated Cost: \$150 000
Order Number: XO-T2-19-94

Westpur Pipe Line Company (1985) Ltd.
Application dated 28 March 1994
Approved on 20 May 1994
Estimated Cost: \$205 000
Order Number: XO-W2-17-94

Westpur Pipe Line Company (1985) Ltd.
Application dated 28 April 1994
Approved on 20 May 1994
Estimated Cost: \$37 000
Order Number: XO-W2-20-94

Matters Pending

4. Streamlining Section 58 Pipeline Applications

The Board sought industry and public input into streamlining its section 58 pipeline application process for routine facilities. Section 58 applications, under the National Energy Board Act, are for pipeline projects that do not involve new pipelines greater than 40 kilometres in length, and may be considered by the Board without a public hearing.

The Board is of the view that there is room for streamlining and enhanced effectiveness of its section 58 process by eliminating the requirement for pre-approval of routine items and enabling one time approvals for multi-year programs.

In order to achieve meaningful improvements in the treatment of projects which fall under section 58 of the Act, the Board sought input on various aspects of the process. Submissions were due on 23 February 1994, with reply comments due on 16 March 1994.

Following consideration of the parties' submissions, the Board will determine how best to proceed. It is the Board's hope that this process will lead to:

- reduced burden on applicants and intervenors;
- increased efficiency in the use of the Board's and other parties' resources; and
- increased effectiveness of cost review;

while ensuring the safe, environmentally sound operation of the affected pipelines and the most cost-effective behaviour of pipeline companies.

5. Niagara Gas Transmission Limited - Pipeline Facilities

On 20 May 1994, the Board approved an application dated 19 November 1993 by

Niagara Gas to construct a natural gas transmission pipeline under the Ottawa River.

The pipeline construction will consist of approximately 10.5 kilometres (6.5 miles) of pipeline from an interconnection with the existing Consumers' Gas Company Ltd. Ottawa System pipeline in the City of Gloucester, Ontario, to a point of interconnection with a proposed new pipeline in the Gazifère Inc. distribution system in Gatineau, Quebec. The company plans to begin construction of the facilities this month in order to avoid gas delivery problems in the winter of 1994-1995.

The company estimates cost of the new facilities is \$11.2 million.

The Board noted that certain upstream facilities, once connected to the Niagara Gas line, could potentially be subject to federal jurisdiction and regulation by the Board. Therefore, the Board decided to consider the question of its jurisdiction over these upstream facilities owned by The Consumers' Gas Company Ltd. through written submissions. Niagara Gas and any other party have until 10 June 1994 to file their submissions and parties have until 24 June 1994 to reply to any party's submissions.

6. *PanCanadian Petroleum Limited - Pipeline Facilities*

On 26 November 1993, PanCanadian applied for approval to construct a pipeline under the Ottawa River.

PanCanadian is proposing to construct approximately 14.5 kilometres of pipeline from an interconnection with the TransCanada PipeLines Limited's Ottawa sales gate meter station in the City of Gloucester, Ontario, to the Canadian Pacific Forest Products Limited newsprint mill in Gatineau, Quebec. The estimated cost of the facilities is \$8.4 million. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site.

On 20 January, 3, 24 February, 17 March and 5 May 1994, the Board sent letters to PanCanadian requesting additional information.

7. *Trans-Northern Pipelines Inc. - Abandonment of Pipeline Facilities*

On 2 September 1993, Trans-Northern applied for approval to abandon the Hamilton and Markham meter station, and the Markham and Hamilton laterals consisting of 1 945 metres of pipeline.

On 15 November 1993, Trans-Northern advised the Board that it was seeking a buyer for the Hamilton Lateral.

On 9 December 1993, the Board approved the abandonment of the meter stations and the Markham lateral and deferred consideration of the application to abandon the Hamilton lateral.

8. *Trans-Northern Pipelines Inc. - Sale of Pipeline Facilities*

On 3 March 1993, Trans-Northern informed the Board that it had sold the Montreal Booster Station on the Montreal refinery feeder system to Ultramar Canada Inc. After more information was requested by the Board, it became evident that leave had not been applied for nor granted by the Board in respect of the sale.

On 21 January 1994, the Board advised Trans-Northern that it had considered the information provided by the company concerning the use, operation and function of the Montreal Booster Station and that it would appear that the Station continues to be an integral part of the Trans-Northern system, and, therefore, continues to be part of a federal work and undertaking and remains subject to regulation by the Board despite the sale to Ultramar.

The Board requested Trans-Northern and Ultramar to comment and provide any additional information concerning the use, operation and function of the Station before the Board decides on the application.

9. *Westcoast Energy Inc. - 1994 Section 58 Application*

On 21 March 1994, Westcoast filed amendments No. 7 and No. 8 to its Section 58 Capital Project Application requesting approval of compressor unit additions to Stations 4A and 5 on its Southern Mainline. The estimated cost

of the projects are \$38.3 million and \$33.6 million, respectively. The in-service dates of both units is mid-November 1995.

On 7 April 1994, the Board decided to seek the comments of interested parties on the application. Interested parties had until 21 April 1994 to comment.

On 27 April 1994, the Board sent a letter to Westcoast requesting additional information.

10. *Westcoast Energy Inc. - North Shekilie Pipeline*

Westcoast applied for approval of a 24 kilometre sour gas pipeline, referred to as the North Shekilie Pipeline, which is to be located northeast of Fort St. John, British Columbia. The estimated cost of the project is \$8.6 million.

On 29 April 1994, the Board sent a letter to Westcoast requesting additional information.

Traffic and Toll Matters Matters Completed

1. *Foothills Pipe Lines (Alta.) Ltd. Zones 6 and 7, Foothills Pipe Lines (South B.C.) Ltd. Zone 8 and Foothills Pipe Lines (Sask.) Ltd. Zone 9 - 1994 Operating and Maintenance Expense Budgets and Interruptible Tolls to be effective 1 April 1994*

On 1 December 1993, Foothills Pipe Lines Ltd. applied for approval of its 1994 Operating and Maintenance Expense Budgets for the above-mentioned companies. On 1 February 1994, Foothills applied for approval of new interruptible tolls for Zone 9 to be effective from 1 April 1994 to 31 March 1995.

On 22 December 1993, the Board approved, on an interim basis pending full review of the application, 50 per cent of the budgets submitted. On 31 March 1994, the Board approved toll Order TG-2-94 finalizing Foothills' 1994 Operating and Maintenance Budgets for Zones 6 to 9; the recovery in tolls of costs incurred in 1993 in

excess of the approved Operating and Maintenance Budgets for Zones 7 and 8; and interruptible tolls for Zone 9.

2. *Interprovincial Pipe Line Inc. - Revised Tolls to Include Effects of Facilities Expansion Approved In OH-1-93*

On 28 April 1994, the Board approved Interprovincial's revised 1994 revenue requirements and revised tolls for 1994 reflecting the inclusion of the impacts of the Canadian Western Pipeline Expansion which the Board approved in OH-1-93. However, the Board noted that an adjustment is required for any difference between interim tolls and final tolls, for the period of time that such interim tolls were in effect. In view of this, the Board directed Interprovincial to file with the Board and interested parties, a schedule and tolls and supporting calculations conforming with decision outlined in the Order TO-4-94 issued by the Board. For final tolls to be effective 1 June 1994, the Board directed that the material be filed no later than 12 May 1994. Interprovincial was directed to provide an update of the calculation of the Capitalized Charges Adjustment, five year average factor, in its quarterly surveillance reports.

On 25 November 1993, during Interprovincial's facilities hearing OH-1-93, (Transcript page 432) Interprovincial indicated that the impact of the Western Canadian Pipeline Expansion was not included in its amended Class 2 Application. Interprovincial stated the expansion would likely reduce the 1994 revenue requirement by approximately \$27.5 million.

On 31 January 1994, the Board issued an order authorizing Interprovincial to charge, on an interim basis, effective 1 February 1994, its existing tolls, as approved by the Board in its Order TO-3-93 dated 16 December 1993. The Board also directed Interprovincial to file with the Board and serve on interested parties revised tolls effective 1 February 1994, reflecting any changes

to Interprovincial's 1994 revenue requirement which may result from the facilities expansion approved by the Board in hearing OH-1-93.

On 7 February 1994, Interprovincial filed revised tolls. The Board provided interested parties with an opportunity to comment on the revised tolls.

On 26 May 1994, the Board approved the final tolls.

3. *Interprovincial Pipe Line Inc. - Tariff Provisions - Apportionment*

On 15 March 1994, the Canadian Association of Petroleum Producers (CAPP) requested the Board to address the matter of apportionment on the Interprovincial system. CAPP stated in its letter that "In recent months, the apportionment situation has deteriorated to the point where shipper nominations to IPL alone exceed total Canadian supply by a wide margin. The integrity of the nomination system is questionable under present circumstances".

CAPP requested that the Board:

- 1) with regard to Section 14(c) of Interprovincial's tariff, offer clear direction to Interprovincial with respect to the requirement to impose penalties, the acceptability of any tolerance, and the discretion within which Interprovincial can act to waive penalties; and
- 2) with respect to Section 6(b) of Interprovincial's tariff, require Interprovincial to seek reliable third party data to substantiate every nomination in view of the excessive tenders Interprovincial is receiving.

On 24 March 1994, the Board decided to seek the views of Interprovincial, its shippers and other interested parties.

On 5 May 1994, the Board decided that:

- (a) with respect to section 14(c) of Interprovincial's tariff, the Board noted that shippers who made submissions support Interprovincial's

process for determining "reasonable cause" and the use of five percent tolerance. The Board believes that Interprovincial must be given a certain degree of flexibility in assessing the reasons for a shipper not shipping its apportioned volume as well as the tolerance level employed by Interprovincial; and

- (b) in regard to section 6(b) of Interprovincial's tariff, the shippers who made submissions generally supported Interprovincial's position that it is complying with the provisions of its tariff.

4. *Trans-Northern Pipelines Inc. - Class 2 Tolls for 1994*

On 29 April 1994, the Board approved new tolls to be charged by Trans-Northern, effective 1 January 1994. The company had been operating since then on interim tolls authorized by the Board.

Trans-Northern applied on 21 December 1993 for new tolls that were designed to recover a total cost of service of \$29 million, which after revisions included a rate of return on rate base of 10.74 percent.

In its decision the Board approved a 1994 cost of service for the company of \$28 million, being 4.4 percent below the applied-for rate of \$29 million. The Board also reduced the company's applied-for average rate base to \$43.7 million from \$44.1 million.

Matters Under Consideration

5. *Revised Negotiated Settlements Guidelines for Traffic, Tolls and Tariffs*

On 21 April 1994, the Board issued draft revised guidelines on negotiated settlements regarding traffic, tolls and tariffs for the Group 1 pipeline companies regulated by the Board. Group 1 companies include the five largest oil and products pipelines and the five largest natural gas pipelines.

In recent years, a number of Group 1 pipeline companies have established task forces on tolls, tariff matters and operational matters. These task forces provide a forum for the pipeline companies, producers, shippers, consumers, governments and other interested parties to exchange information, discuss issues, negotiate and ultimately settle issues before the formal hearing process is initiated before the Board.

The Board sees such negotiated settlements as a means whereby pipeline companies and interested parties can choose to resolve issues and agree on the resulting tolls and tariffs without recourse to the hearing process. During the Incentive Regulation Workshop which was held by the Board in January 1993, there was extensive discussion on the merits of negotiated settlements as an approach to streamlining the regulatory process. The current guidelines which set out the Board's views and requirements with respect to negotiated settlements were published in September 1988. In the Board's view, it is time to update these guidelines.

Parties have until 3 June 1994 to comment on the draft revised guidelines and until 17 June 1994 to file reply comments.

6. *Interprovincial Pipe Line Inc. - Monthly Surveillance Report*

On 4 February 1994, Interprovincial applied to have the Board eliminate the requirement for it to file monthly surveillance reports.

On 31 March 1994, the Board decided to seek comments of interested parties on the application. Interested parties had until 12 April 1994 to comment and Interprovincial had until 19 April 1994 to reply to any comments received.

On 22 April 1994, Interprovincial requested that the Board delay making a decision on the application and that both, Interprovincial and interested parties be given another opportunity to comment on the application after the next Industry

Task Force meeting, tentatively scheduled for 29 April 1994.

On 29 April 1994, the Board decided to delay making a decision on the application. The Board also directed Interprovincial to advise the Board of the outcome of the Industry Task Force meeting discussing surveillance reporting. If the outcome of the meeting is a modification of the proposal Interprovincial has put forward, or that the views of the parties have changed, the Board will allow all parties another opportunity to comment on this issue.

On 13 May 1994, Interprovincial advised the Board that it had met with its Industry Task Force and it was agreed that Interprovincial and the Task Force would continue to work together to develop a proposal to address Industry's concerns regarding the financial information provided by Interprovincial through both its toll filing and its monthly and quarterly report. Interprovincial requested that the Board further delay consideration of this matter.

On 25 May 1994, the Board decided to further delay consideration of the 4 February 1994 application.

7. *Trans Mountain Pipe Line Company - Tankage Study*

In the Board's Reasons for Decision regarding Trans Mountain's 1993 and 1994 tolls, the Board directed the Company to carry out an independent review of its tankage use, costs and credits. Trans Mountain was directed to submit proposed terms of reference for this study to the Board for approval. Trans Mountain filed the proposed terms of reference on 2 May 1994.

On 19 May 1994, the Board decided that prior to approving any terms, that it wished to consider comments from interested parties. Interested parties had until 31 May 1994 to submit their comments, and Trans Mountain has until 10 June 1994 to reply to any comments received.

Electric Power Matters

Matters Completed

1. *Maine and New Brunswick Electrical Power Company - Approval of an Amendment to a Contract - Electricity Export Licence EL-177*

On 15 March 1994, the Board approved an application dated 8 February 1994 from Maine and New Brunswick Power for approval of an amendment to the Hydraulic Contract dated 31 July 1963 between Maine and New Brunswick Power and Maine Public Service Company underpinning exports under Licence EL-177. The provisions of the proposed amendment are an extension of the term from 1 January 1995 to 31 December 2004 with five year renewals and, establishment of a new rate for all energy and demand above those filed for the calendar year 1994.

2. *Hydro-Québec - Electricity Export Licences EL-151 and EL-166*

On 31 March 1994, the Board approved an application dated 21 March 1994 from Hydro-Québec for: 1) the extension from 1 April to 1 June 1994 of the date for Hydro-Québec to offer to Canadian utilities directly interconnected to Hydro-Québec the interruptible energy proposed to be exported under Licences EL-151 and EL-166; 2) the extension of the date, from 1 April to 1 June 1994, to file with the Board the letters of offer and the responses and also a report on the detailed cost of the energy proposed to be exported to New York Power Pool under the Licences; and 3) the extension of the date, from 21 April to 21 June 1994, to submit for Board approval the yearly estimates of production, demand excess energy on its system.

3. *Hydro-Québec - Electricity Export Licence EL-178*

On 18 March 1994, the Board approved an application dated 11 January 1994 for approval of the quantity and the price of energy to be exported to the New York Power Authority during the period 1 April to 31 October 1994 under Licence EL-178

4. Ontario Hydro - Application to Upgrade an Existing International Power Line

On 3 March 1994, the Board approved an application dated 29 October 1993 from Ontario Hydro to revoke an existing Certificate of Public Convenience and Necessity for a single circuit international power line extending from the property of Boise Cascade Canada Ltd. in Fort Frances, Ontario, to the international boundary and to replace it with two new permits. One permit, issued to Ontario Hydro, authorizes the construction, operation and maintenance of a new single circuit international power line, on the same right-of-way, extending from the property of Boise Cascade to the international boundary. The second permit, issued to Boise Cascade, authorizes the construction of part of a second new international power line to be located on the same towers.

5. Saskatchewan Power Corporation - Surplus Estimates - Electricity Export Licence EL-120

On 31 March 1994, the Board approved, pursuant to Licence EL-120, Saskatchewan Power's surplus estimates for the operating year 1 May 1994 to 30 April 1995.

Matters Under Consideration

6. Electricity Review

By letter dated 19 September 1988, the Minister of Energy, Mines and Resources requested the Board to review inter-provincial electricity trade. Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) enhance interprovincial trade in electricity;
- (ii) encourage greater cooperation between utilities; and
- (iii) enable buyers and sellers to obtain commercial access to available transmission capacity through

intervening provinces for wheeling purposes.

The Board submitted a report to the Minister of Energy, Mines and Resources in February 1994, which may be made public with the approval of the Minister.

Other Matters

Safety Matter

1. TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario

On 9 December 1992, the Transportation Safety Board (TSB) released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally-regulated pipelines can be quickly and safely isolated".

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis.

A report on the Board's findings is anticipated for June 1994.

2. Safety Advisories

The Board has issued the following Safety Advisories:

Safety Advisory SA94-1 - To pipeline companies under the Board's jurisdiction which transport propane - Potential for Elevated Radiation Levels in Propane.

Safety Advisory SA94-2 - To pipeline companies under the Board's jurisdic-

tion. *Hazardous Application of Polyester Round Slings.*

Safety Advisory SA94-3 - To pipeline companies under the Board's jurisdiction operating in Saskatchewan, Alberta and British Columbia - Well Drilled Unknowingly Close to High Pressure Natural Gas Pipeline.

Environmental Matter

1. Inventory of Polychlorinated Biphenyls (PCB's)

On 29 July 1993, the Board sent letters to all pipeline companies under its jurisdiction requesting a review of their current PCB inventory status.

On 25 November 1988, the Board requested all pipeline companies under its jurisdiction to provide an inventory within their system of in-service equipment containing PCB's and of PCB-contaminated waste in storage. All companies were asked to confirm that their PCB waste storage facilities conformed to the requirements outlined in the Interim Order Respecting the Storage of Wastes Containing Polychlorinated Biphenyls, issued pursuant to section 35 of the Canadian Environmental Protection Act.

The interim Order has been replaced by the Storage of PCB Material Regulations which were published in the Canada Gazette on 27 August 1992.

In response to the new regulations, the Board has decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCB's and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations. The Board is currently updating its PCB

Inventory list in accordance with the information provided by all companies under its jurisdiction.

Frontier Matters

Note: Matters concerning the *Canada Oil and Gas Operations Act* and regulations made thereunder currently appear on the regulatory agenda of the Department of Natural Resources Canada. Similarly, northern matters concerning the *Canada Petroleum Resources Act* currently appear on the regulatory agenda of the Department of Indian Affairs and Northern Development.

1. Regulatory Initiatives

(See also item 7 under Amendments to Regulations on page 15)

- (a) Canada Oil and Gas Occupational Health and Safety Regulations

The *Canada Oil and Gas Occupational Health and Safety Regulations* are being updated. At present, these Regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation.

A first draft of the amended regulations was reviewed with Labour Canada in August of 1993. Pending the concurrence of Labour Canada, revised drafts will be reviewed by other government departments and industry.

- (b) Guidelines for Frontier Geophysical and Geological Authorizations and Reporting

Draft Guidelines for Frontier Geophysical and Geological Authorizations and Reporting are in preparation and are targeted to enter the review process and to be issued in October 1994.

- (c) Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil Based Drilling Muds

The joint government/industry review is ongoing with a meeting scheduled for early June to review a draft set of guidelines. Publication of revised guidelines is planned for the end of July, 1994.

- (d) Guidelines Respecting Physical Environmental Programs During Petroleum Drilling and Production Activities on Frontier Lands

In April 1994, the Board issued *Guidelines Respecting Physical Environmental Programs During Petroleum Drilling and Production Activities on Frontier Lands*.

Following consultation with industry, other federal government departments and regulatory agencies, and the independent offshore petroleum boards, modifications to the oceanographic and meteorological provisions of the Guidelines were incorporated in the April 1994 edition. The modifications respond to evolving technologies and to a requirement to provide for special provisions for physical environmental programs during offshore oil and gas production.

2. Environmental Assessment and Review Process (EARP)

A site visit was made to the Cameron Hills Oil Development Project in follow-up to environmental screenings undertaken on an amendment to the development plan and several applications to drill and complete wells. No major environmental concerns were noted.

3. Production

Yukon Well Abandonment

The Board has completed its review of a consultant's report, commissioned by

the Yukon Government, on the oil and gas wells that have been drilled and either suspended or abandoned in the Yukon. The Yukon Government was concerned about any potential financial liabilities that may result from these wells, prior to the transfer of the responsibilities for oil and gas activities in the Yukon to the Yukon Government. The Board review has been completed.

A meeting with the consultant and staff from the Board, the Yukon Government and Indian and Northern Development has been scheduled to review the report. An inspection program covering the wells of concern has been tentatively scheduled for July. Most of the potential problem wells are owned by active operation, however, there is at least one orphaned well which will require the preparation of an abandonment program with appropriate cost estimates.

Panarctic Oil Ltd. - Abandonment of the Drake F-76 Well

Panarctic submitted an application for the abandonment of the offshore Drake F-76 well. Included in the program is the downhole, as well as flowline abandonment. The downhole portion of the abandonment will be conducted from shore or by a service rig on the ice.

Panarctic proposes to purge the flowline system and leave it on the seafloor together with the christmas tree and guidebase. The proposal is being reviewed and was distributed to interested parties for comments.

Norman Well Artificial Island and Pipeline Integrity

A review of the 1993 Norman Well Artificial Integrity report has been completed. A work program to alleviate the problem of cross-river pipeline scour as identified by the report, will be initiated by the operator. An inspection of the artificial islands and subsequent pipeline field program is to be conducted in June.

Amoco Canada Petroleum Co. Ltd
Pointed Mountain Gas Field

Amoco has addressed most of the technical and environmental concerns which were submitted as a result of an inspection of the Pointed Mountain Gas Field. Follow-up on areas of concern is continuing.

Amoco has proposed several options for increasing the production from this pool. The options include workovers or side tracking of existing wells. Given success of this program, additional geological and developmental work will be initiated.

4. Environmental Studies Research Funds (ESRF)

The ESRF Board will meet on 1 June 1994 to discuss the current ESRF Research and Development program and to establish the operating budget for 1995.

Study

1. 1994 Supply/ Demand Report

In early 1993, the Board initiated an update of its long-term energy outlook, Canadian Energy Supply and Demand 1990 - 2010. For this update, scheduled for release in the summer of 1994, a number of changes were proposed to the

approach taken in the analysis and report structure. These proposals were discussed with 60 industry, government and other organizations across Canada during a series of meetings in May 1993. In addition, comments were sought and received on a number of issues affecting Canada's energy supply/demand outlook.

A summary of the consultations meetings and the decisions made by the Board, pursuant to these meetings, on the approach and report structure, may be obtained by contacting the Regulatory Support Office at (613) 292-4800.

Amendments to Regulations

Amendments to the Board's regulations and Act, completed or in various stages of preparation, include the following:

1. *Canada Oil and Gas Operations Act, the Canada Petroleum Resources Act and the National Energy Board Act*

On 12 May 1994, Bill C-6 was passed. Bill C-6 is an Act to amend the *Canada Oil and Gas Operations Act*, the *Canada Petroleum Resources Act* and the *National Energy Board Act* and to make consequential amendments to other Acts.

The purpose of the amendments is to transfer to the Board authority to regulate frontier oil and gas activity, except in Nova Scotia and Newfoundland where there are federal/provincial shared management agreements. In particular, the Board is empowered to

- (a) authorize and regulate frontier oil and gas activity;
- (b) be flexible in regulating small pipeline companies;
- (c) take measures to ensure the confidentiality of commercially sensitive information; and
- (d) designate inspection officers having pipeline inspection and enforcement powers.

Rights issuance matters remain under the authority of the Minister of Energy, Mines and Resources and the Minister of Indian Affairs and Northern Development.

The amendments authorizes the Board and its officers and employees to provide advice to ministers, officers and employees of government departments, ministries and agencies. They also transfer to the Board from the Oil and Gas Committee authority to hear appeals, hold inquiries and make orders in respect of resource conservation matters.

Finally, the amendments corrects several technical anomalies in the relevant legislation.

2. *Onshore Pipeline Regulations*

On 6 May 1994, the Board issued a draft of the Onshore Pipeline Regulations for comment by interested persons.

The regulations specify the requirements for the protection of property, the environment, and safety of the public and company employees and provides for the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

The Board is conducting this consultation process to seek input from parties which have an interest in the design, construction, operation, maintenance and abandonment of onshore pipelines.

Parties wishing to comment were asked to do so by 6 July 1994.

3. *Offshore Pipeline Regulations*

(Status unchanged. For more details on this matter, see Issue No.44 of the Regulatory Agenda dated 1 March 1993 under *Amendments to Regulations*, item 2 on page 18.)

4. *National Energy Board Part VI Regulations*

The Part VI Regulations are being amended to reflect the September 1988 Canadian Electricity Policy. The provisions dealing with electricity have been removed from the Part VI Regulations and will be issued separately as Electricity Regulations (see item 5 below). As well, other revisions are being proposed to reflect the Board's Market-Based Procedure for considering natural gas export licence applica-

tions and changes suggested by the Standing Joint Committee for the Scrutiny of Regulations. The latter include the removal of certain provisions respecting export and import reporting requirements, which are now to be included in the Export and Import Reporting Regulations (see item 6 below).

On 10 August 1990 the Board submitted the proposed amendments to interested persons for comment. Information sessions on the proposed changes were held in Ottawa on 29 August 1990, in Toronto on 10 September 1990, and in Calgary on 11 September 1990.

The Regulations were revised taking into consideration the comments received and sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

5. *Electricity Regulations*

In October 1993, the Board issued draft *Electricity Regulations* for comment by interested persons. Interested persons had until 17 January 1994, to comment. Comments received are currently under review.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and a Schedule to the draft Rules of Practice and Procedure.

6. *Export and Import Reporting Regulations*

These proposed regulations would require companies exporting oil, natural

gas, or power, or importing natural gas to provide certain information to the Board. The information is similar to that currently required by the Part VI Regulations.

The Board decided to remove the reporting requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the Canada Gazette at which time industry and the members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

7. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act made in 1983, draft regulations were prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

These regulations were not promulgated at the time because the government had

started a broad review of its policy with respect to international power lines.

On 6 April 1994, the Board issued for public comment a revised draft of the Power Line Crossing Regulations which also implemented amendments to the NEB Act in 1990. Comments were due on 6 May 1994.

8. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have Received Department of Justice Approval and are Proceeding to Pre-publication

Canada Oil and Gas Installations Regulations

Canada Oil and Gas Diving

Regulations - Amendments

Canada Oil and Gas Certificate of

Fitness Regulations

Canada Oil and Gas Drilling

Regulations - Amendments

Canada Oil and Gas Geophysical Regulations

Nova Scotia Offshore Petroleum

Installations Regulations

Newfoundland Offshore Petroleum

Installations Regulations

Newfoundland Offshore Area

Petroleum Diving Regulations -

Amendments

Nova Scotia Offshore Certificate of

Fitness Regulations

Newfoundland Offshore Certificate of

Fitness Regulations

Nova Scotia Offshore Petroleum

Drilling Regulations - Amendments

Newfoundland Offshore Petroleum

Drilling Regulations - Amendments

Regulations which have been pre-published

Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)

Nova Scotia Offshore Area Petroleum Production and Conservation Regulations

Newfoundland Offshore Area

Petroleum Production and

Conservation Regulations

Nova Scotia Offshore Area Petroleum

Geophysical Regulations

Newfoundland Offshore Area

Petroleum Geophysical Regulations

Regulations being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations

Nova Scotia Offshore Spills and Debris Regulations

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Rules of Practice and Procedure

The Board is revising its *Rules of Practice and Procedure*. These Rules set out the procedures for making applications, representations and complaints to the Board, the conduct of hearings before the Board and, generally, the manner of conducting any business before the Board.

On 7 May 1987, the Board issued Draft Rules after consulting with industry. It was the Board's intention to finalize the 1987 draft and publish them in the Canada Gazette. However, these final steps were not taken.

The Board has made further amendments to the 1987 Draft Rules, in light of amendments to the National Energy Board Act and changes in export regulation. Interested persons were invited to file comments on the proposed changes.

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council

Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the Canada Gazette.

Guidelines for Filing Requirements

The Board, as part of its changes to the *Rules of Practice and Procedure*, is removing the filing requirements from the rules and has decided to issue them separately as guidelines. This will allow

greater flexibility to the Board to reflect policy and other changes in filing requirements. It also reflects recommendations made by the Minister's Advisory Panel on Regulatory Review (see *Advisory Panel on Regulatory Review* at page 19) that guidelines be considered instead of regulations, while still achieving the desired objectives.

On 28 April 1994, the Board issued for comment by interested persons a draft version of the new Guidelines for Filing Requirements. Interested persons have until 29 July 1994 to comment on the proposed changes.

The filing requirements contained in the 1987 draft rules have been amended and updated to reflect current policy. As well, certain other filing requirements, previously contained in other documents have been included. Specifically, the filing requirement from the Early Public Notification Memorandum of Guidance, from the Guidelines for the Preparation of Regional Socio-Economic Impact Assessments, for leave to open from the *Onshore Pipeline Regulations* and filing requirements for orders from the Memorandum of Guidance for Short-term Gas Export Orders and Long-term Gas Export Licences have been included.

Administrative Matters

Electronic Regulatory Filing - (ERF) Progress Report

At the request of some of its interested parties, the Board undertook a feasibility study of ERF during 1993. The study concluded that ERF was technically and economically feasible, and that it would expedite the Board's regulatory process while considerably enhancing its day-to-day responsiveness.

The middle of April 1994 saw the completion of the ERF Pilot Project, known as the Conference Room Pilot. For that exercise, the consulting company, Monenco-Agra Inc., was hired to set up a stand-alone prototype. The purpose was to demonstrate the concepts and tools of ERF. The Conference Room Pilot was a success, finishing on time and within budget. Both industry representatives and Board staff were given presentations and demonstrations. The responses from these two groups were positive.

At this point, Monenco-Agra is conducting a Cost-Benefit Analysis of ERF. Since February this year, Board staff has been visiting various companies and organizations in the energy industry. The idea is to find out firsthand the set-up and the various procedures in place to support the current regulation process, as well as adjustments that may be necessary to work in an ERF-mode.

Towards the end of June, the Board will be evaluating the results of the Conference Room Pilot, the findings of the Cost-Benefit Analysis and various other factors and will then decide whether or not to proceed to the next phase.

Electronic Bulletin Board

This summer, the Board will be launching its Electronic Bulletin Board making certain key documents of the Board available to the public electronically.

The bulletin board will provide instant access to information, in both official languages, to anyone across Canada and worldwide, through ordinary computer-modem hookups.

Energy regulatory information available through the system will include:

News Releases
Hearing Orders
Regulatory Agenda
Statistics

These documents will continue to be available in the Board's Library in Calgary and the Natural Resources Canada Library in Ottawa. The library documents will continue to be the official records of the Board's activities. The bulletin board versions are intended to improve Board response times and meet the needs of Canadian business in an increasingly competitive global energy market.

There will be no charge to users for access to basic NEB documents via the bulletin board. The only cost to users will be the normal telephone company charges for connection to the Calgary number.

Pipeline Task Force - National Energy Board and Energy Resources Conservation Board of Alberta

The Canada-Alberta Action to Reduce Overlap and Duplication has led to the establishment of a Pipeline Task Force comprised of staff from the NEB and the ERCB which will identify technical areas related to pipeline safety and environmental issues where cooperation between the two agencies could be increased. The task force is looking for areas where increased cooperation and coordination could result in more efficient use of resources within the ERCB and the NEB. It is hoped that this process will lead to reduced regulatory burden on the public and the pipeline industry through consistent and compatible regulatory require-

ments, and more expeditious regulatory processes. The task force will meet quarterly and advise both Boards of progress after each meeting.

Common Reserves Data Base Alberta Energy Resources Conservation Board (ERCB) and the National Energy Board (NEB)

On 9 March 1994, the ERCB and the NEB signed a formal agreement to share geological and reservoir information for natural gas and crude oil pools. This sharing of information will result in a Common Reserves Data Base for Alberta.

This joint agreement stems from the March 1993 Canada-Alberta Economic Summit which directed the ERCB and NEB to improve coordination and from a 1990 protocol signed by the Chairmen of both Boards aimed at increased cooperation. Following the 1993 Canada-Alberta economic summit, the Board and the ERCB approved terms of reference for the design and implementation of a common reserves data base for oil and gas reserves. Both Boards committed to developing more efficient methods for maintaining estimates of reserves, not only to meet the requirement of each Board but also to further other joint efforts.

The agreement provides for joint reserves studies, sharing and joint development of software and the establishment of a Joint Reserves Steering Group.

Consideration will also be given to:

- expanding the data base to include natural gas liquids,
- examining the feasibility of modifying the database to reflect corporate supply in the system and,
- examining the impacts of new reserves definitions recently released by the Canadian Institute of Mining and Metallurgy.

The Joint Reserves Steering Group will be comprised of a maximum of three appointees from each Board. Initially the group's mandate is to resolve difference in the estimation of reserves and prepare a set of common reserves data bases summaries. In the longer term, this group will focus on developing more efficient methods of maintaining the data and estimates of reserves and determining priorities for joint studies.

As in the case now, the data base and geological maps will be maintained by the ERCB. Information that is now defined as confidential according to ERCB regulation will remain confidential.

Meetings of the Joint Reserves Steering Group have commenced.

Natural Gas Resource Assessment - Northeast British Columbia (Working Paper)

The Board has identified a need for a methodology to determine and evaluate potential oil and gas resources for specific project needs. A review of current practices and approaches by industry and other government departments involved in resource assessment has concluded that existing resource assessments are regional in nature. Given the Board is required to analyze specific supplies associated with defined areal limits, in either export applications situations or for facility expansions, the regional-based or play-based methodologies do not yield adequate detail.

The Board has developed a methodology which is equally applicable to pool or field reserves assessment as it is to area specific potential or basin specific potential. The Board has prepared a working paper that outlines the details of the assessment methodology and a specific example illustrating its application and use. The project area, northeastern British Columbia, was chosen as an example application for the methodology.

Copies of the working paper were distributed to interested persons in industry

and other government departments to obtain comments and suggestions on the methodology of the northeast British Columbia assessment.

As a result of the number of favourable comments, the Board has decided to continue applying the methodology when assessing undiscovered potential for various regulatory purposes. These include area specific or project specific undiscovered resource assessments in the review of facilities applications or export applications; a means of providing a probabilistic assessment of pool reserves and pool appreciation; and finally, a methodology to supplement available resource assessments in support of the Board's advisory function.

Advisory Panel on Regulatory Review - Board Action

The following is a status report on the specific action being taken or contemplated by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review.

RECOMMENDATION 1: *The Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consultation; the process should take cognizance of information formats consistent with industry practice; the need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".*

The internal review of these Guidelines has included a review and combining of the Guidelines listed below. On 28 April 1994, a draft of the Guidelines was issued for comment by interested persons. Comments are due on 29 July 1994.

- (a) Guidelines for the Filing of Information by Companies

Applying for Certificates of Public Convenience and Necessity

- (b) Guidelines for the Preparation of Regional Socio-Economic Impact Assessments of Gas or Oil Pipeline Projects (see Recommendation 2)
- (c) Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for an Order Fixing Tolls and Tariffs (see Recommendation 8)
- (d) Memorandum of Guidance Concerning Early Public Notification of Proposed Applications
- (e) Memorandum of Guidance on NEB Regulatory Procedures and Information Requirements for Applicants Filing for Short-term Gas Export Orders and Long-Term Gas Export Licences (see Recommendation 11)
- (f) Guidelines for Filing Requirements for Leave to Open

RECOMMENDATION 2: *The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.*

See Recommendation 1.

RECOMMENDATION 3: *Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing*

industry construction/operation and worker safety standards.

On 6 April 1994, the Board issued for public comment a draft of the Power Line Crossing Regulations. Comments were due on 6 May 1994. Comments received are under review.

RECOMMENDATION 4: *Draft NEB Electricity Regulations dealing with International Power Lines should not be Gazetted before a further round of consultations with the affected industries; a Memorandum of Guidance respecting these changes should be issued as quickly as possible; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.*

On 25 October 1993, the Board issued for public comment the Draft Regulations dealing with international power lines and with electricity exports (see Recommendation 12). Comments were due by mid-January 1994 and are currently under review.

On 7 July 1993, the Board issued a Memorandum of Guidance respecting changes to the processing procedures for international power lines and electricity export applications.

RECOMMENDATION 5: *Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.*

The clarification that the Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated in the Guidelines which are contained in Appendix IV to the 7 July 1993

Memorandum of Guidance mentioned above.

No further action is required with respect to this Recommendation.

RECOMMENDATION 6: *Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.*

On 4 October 1993, the Board issued for comment to the Group I companies and other interested persons a paper outlining proposed modifications to the content and format of the Group I companies surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. On 16 February 1994, the Board issued a Memorandum of Guidance providing revised guidelines for the preparation of surveillance reports. No amendments to the Toll Information Regulations were proposed.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period. In October, the Board sent a letter to all interested persons informing them of that decision (refer to *Electronic Regulatory Filing* on page 18).

RECOMMENDATION 7: *The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.*

In April 1994, the Board announced that it would be conducting a public hearing concerning the cost of capital for the

Group 1 pipeline companies under its jurisdiction (refer to item 2 under *Hearings Scheduled* on page 3).

On 21 April 1994, the Board issued for comment by interested persons draft Guidelines on Negotiated Settlements refer to item 5 under *Traffic and Toll Matters* on page 10). Interested persons have until 3 June 1994 to comment on the draft revised guidelines and until 17 June 1994 to file reply comments.

RECOMMENDATION 8: *Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.*

See Recommendation 1.

RECOMMENDATION 9: *Pipeline Arbitration Committee Procedure Rules should be retained without further review.*

The Board supported that recommendation and no action is required.

RECOMMENDATION 10: *NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.*

A liaison group has been established, consisting of a Board coordinator and representatives from provincial bodies responsible for pipeline crossings, to study pipeline crossing requirements and how they can be made consistent.

RECOMMENDATION 11: *Memorandum of Guidance on NEB Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.*

See Recommendation 1.

RECOMMENDATION 12: *Draft electricity regulations (re:electricity exports) should be issued as quickly as possible in order to advise the industry of changes to the Board's information filing requirements; a full consultation round will take place following the established process; a revised Memorandum of Guidance will be released outlining all the changes to the electricity export and international power lines applications.*

See Recommendation 4.

RECOMMENDATION 13: *The Pipeline Companies' Records Reservation Regulations should be revoked.*

The Regulations were revoked on 11 May 1993.

Documents and Reports Issued 1 March to 1 June 1994

Reasons for Decision

Natural Gas Export Applications -
GH-5-93

Westcoast Energy Inc. - 1994
Tolls- RH-2-93
Intercoastal Pipe Line Inc. and
Interprovincial Pipe Line Inc. -
Pipeline Facilities - GH-4-93
Trans Mountain Pipe Line
Company - Pipeline Facilities -
OHW-1-93
Westcoast Energy Inc. - Sukunka
Fuel Gas Pipeline - GH-1-94
Trans Mountain Pipe Line
Company - 1993 and 1994 Tolls -
RH-3-93

National Energy Board Annual Report

Revised Guidelines on Negotiated
Settlements - For comment by interested
parties

Guidelines for Filing Requirements - For
comment by interested parties

TransGas Limited - Application for
Review of Decision Re: WBI Canadian
Pipeline, Ltd. - GH-R-1-93 - Dissenting
Opinions

Proposed Amendments to the Onshore
Pipeline Regulations - For comment by
interested parties

Report of an Inquiry Into Licensing of
Long-term Exports of Oil Sands
Production

Instructions for Filing

All correspondence with the Board
should be addressed to the Secretary,
National Energy Board, 311 - Sixth
Avenue S.W., Calgary, Alberta, T2P
3H2; Telephone (403) 292-4800; Fax
(403) 292-5503.

Appendix I lists the number of copies
required for the different types of appli-
cations.

Telephone Numbers

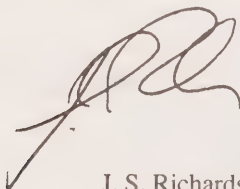
A current list of Board Members and key
staff, and their telephone numbers, is
attached as Appendix II.

Mailing Lists

If you are not already on the Board's
mailing lists and wish to be added there-
to, please write to the Secretary of the
Board providing your mailing address
and the type of material you would be
interested in receiving. The following
are the Board's current mailing lists:

L1: Everything the Board issues
L4: Oil and Gas matters
L5: Electrical matters
L6: Annual Reports only
L7: Press Releases only
L8: Regulatory Agendas only
L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

		Licence or Permit Amendments	15
		Licence or Permit Revocations	15
Type of Application or Filing	No. of Copies (iii)	Oil Exports	
(a) Hearing Matters		Registered Oil Export Orders	10
(i) Certificates		(iv) Tolls	
Pipeline	35	Class I and II Adjustments	20
Power Line	30	Interim Orders	20
(ii) Export licences		Operating and Maintenance Budgets	20
Natural Gas	35	Changes in Depreciation Rates	20
Electricity	30	Quarterly Surveillance Reports	20
(iii) Tolls	35	New or Changed Tariffs	20
(iv) Land Acquisitions	10	Domestic Gas Sales Contracts and Amendments	20
(b) Non-Hearing Matters		Amendments to Tariff Orders	20
(i) Natural Gas		(v) Pipelines and Power Lines	
Export Orders	05	Exemption Orders Power Lines	15
Orders for Transmission Access	20	Exemption Orders Pipelines (Sec. 58)	20
Licence Amendments	20	Certificate Amendments	20
Amendments to Export Contracts	20	Certificate Revocations	20
Licence Revocations	20	Leave to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	20
Permits	15	(vi) Other	
		Application for Review	20

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers

BOARD MEMBERS

Chairman	Roland Priddle	299-2724	Chief, Network Management	Monique Girard	299-3604
Chairman's Assistant	Esther Binder	299-2725			
Secretary	Carmen Morin	299-2726			

Personnel Branch

Vice-Chairman	Jean-Guy Fredette	299-2740			
Secretary	Lillian Handelman	299-2741	Director	Jim Thompson	299-3694
			Secretary	Sylvie Joanisse	299-3695
Member	Anita Côté-Verhaaf	299-2739			
Secretary	Lillian Handelman	299-2741			

Member	Céline Bélanger	299-2737
Secretary	Lillian Handelman	299-2741

OFFICE OF THE SECRETARY

Member	Roy Illing	299-2729	Secretary	Scott Richardson	299-2711
Secretary	Mona Butler	299-2728	Admin. Coordinator	Rita Bargetzi	299-2715
			Secretary	Deborah Larch	299-2712
Member	Kenneth W. Vollman	299-2730			
Secretary	Mona Butler	299-2728	Asst. Secretary, Regulatory	Karla Reesor	299-2714
Member	Robert Andrew	299-2736			
Secretary	Mona Butler	299-2728	Asst. Secretary, Communications	Ann Sicotte	299-2713

EXECUTIVE DIRECTOR

			Communications Officer	Denis Tremblay	299-2717
			Communications Officer	Ross Hicks	299-3930
Executive Director	Robin Glass	299-2700	Manager, Library	Helen Booth	299-3562
Admin. Coordinator	Wilma Philp	299-2701			
			Library, Information		299-3561
Assoc. Executive Director	Peter Miles	299-3154			
Admin. Coordinator	Jan Dane	299-3155	Board Distribution Centre		292-4800
Special Advisor	Glenn Yungblut	299-2788	General Information		292-4800

Manager, Internal Audit	Roy E. Aylett	299-2749
Secretary	Francine Poudrette	299-2748

ECONOMICS BRANCH

			Director	John Hayward	299-3621
			Secretary	Carmen Maier	299-3622

Finance, Administration and Information Technology Branch

Director	Jim Klotz	299-3684	Manager, Regulatory		
Secretary	Judy Kelso	299-3692	Economic Division	Glenn Booth	299-3621

Chief, User Services					
(Information Technology)	Don Emmens	299-3602			
Secretary	Nelda Ginn	299-3603			

ENERGY RESOURCES BRANCH

Project Manager,			Director	Graham Campbell	299-3102
Electronic Regulatory Filing			Secretary	Pat Cormier	299-3103
			Admin. Coordinator	Janet Soucy	299-3517
	Kenneth Wing	299-3605			

*Crude Oil, NGL
and Coal Supply Division*

ENVIRONMENT BRANCH

Chief	Gerrit Hos	299-3120	Director	Ken Sato	299-3675
			Admin. Coordinator	Paulette Richard	299-3680
			Secretary	Geraldine Metcalfe	299-3676

Natural Gas Supply Division

Chief	Paul Bourgeois	299-3149	Biological Environment Division		
			Chief	Jim McComiskey	299-3677

Reservoir Engineering Division

Chief	Cliff Gemeroy	299-3138	Physical Environment Division		
			Chief	Oleh Mycyk	299-3678

Geology and Resource Assessment Division

Chief	Bruce Young	299-3147	Operations Emergency Response and Financial Liability Division		
Frontier Resources					

Chief	Giles Morrell	299-3117	Chief	Jim Anderson	299-3682
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ENGINEERING BRANCH

Director	John McCarthy	299-2766	Manager	John Stewart	299-3902
Secretary	Eileen McLeod	299-2758			
Admin. Coordinator	Cecilia Cupido	299-2752	Environmental Studies Research Funds		

<i>Development Engineering and Group II Pipelines</i>			Manager	Brian Nesbitt	299-3679
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Chief	Terry Baker	299-2792
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Safety Audit

Chief	Franci Jeglic	299-2774	Director	Gaétan Caron	299-3646
			Secretary	Bette Schock	299-3648

Accident Investigation

Chief	Jake Abes	299-2777	Interprovincial Pipe Lines, Trans-Northern Pipelines, Alberta Natural Gas, Foothills Pipe Lines		
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<i>Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta Natural Gas and Cochin</i>			Chief	Robert Tarvydas	299-3706
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Chief	Brenda Kenny	299-2761	Westcoast Energy Inc., Trans Mountain Pipe Line and Cochin Pipe Lines		
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<i>Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans Mountain and Trans-Northern</i>			Chief	Albert Fung	299-3662
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A/Chief	Paul Trudel	299-2768	TransCanada PipeLines, Gazoduc T.Q.M. and Interprovincial (NW)		
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<i>Regulatory Development and Safety Studies</i>			Chief	Steve Brown	299-3653
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A/Chief	Robert Power	299-2769
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GAS AND OIL BRANCH

A/Director	Hans Pols	299-3195	General Counsel
Secretary	Linda Byers	299-3185	and Director

Transportation and Oil Exports

Secretary

A/Chief	Barry Lynch	299-3197
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Gas Export

Counsel
Counsel
Counsel
Secretary

Chief	Cliff Brown	299-3190
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Market Analysis and Export Surveillance

Counsel
Counsel
Counsel
Secretary

Chief	Sandra McDonough	299-3186
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LAW BRANCH

Judith Snider	299-2703
Maureen Cooley	299-2704

Margery Fowke	299-2708
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Irene Gendron	299-2709
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Vacant	292-6495
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Elizabeth Arden	292-6540
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Peter Noonan	299-3552
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Lori Ann Boychuk	299-2707
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Judith Hanebury	292-6497
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Susan Gudgeon	299-3551
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ELECTRIC POWER BRANCH**

Secretary	Jan McClintock	299-3166
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Regulation

A/Chief	Claude Rousseau	299-3167
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Generation Planning

Chief	Alec Penman	299-3180
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** The status of the Electric Power Branch will be decided as soon as possible following completion of the current evaluation of the Branch and, in the interim, will report through the Associate Executive Director.

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments to the NEB Act have been passed formally transferring certain frontier oil and gas regulatory functions to the National Energy Board. As a result, the Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* now encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer *Part II of the Canada Labour Code*.

Head Office:

National Energy Board
311 - Sixth Avenue S.W.
Calgary, Alberta
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CAI
MT76
-R21

Regulatory Agenda

Issue No. 50

(The period covered in this Regulatory Agenda is 1 June to 31 August 1994)

1 September 1994

Applications Considered by Public Hearing

Recent Hearing Decisions

1. *Natural Gas Export Applications - GH-5-93*

Reasons for Decision dated February 1994; issued on 15 March 1994

Reasons for Decision dated June 1994; issued on 30 June 1994 - GH-5-93 Review

Letter decision dated 11 July 1994 - Husky Oil Operations Ltd.

(Refer to item 1 under *Recent Hearing Decision* on page 1 of Issue No. 49 of the Regulatory Agenda dated June 1994 and item 1 under *Reviews, Review Completed* and item 2 under *Appeals, Appeals Pending* on pages 14 and 15, respectively, in this issue of the Regulatory Agenda.)

2. *TransCanada PipeLines Limited - 1994 Tolls - RH-4-93*

Reasons for Decision dated June 1994; issued on 30 June 1994.

The Board approved a 1994 revenue requirement of \$1.6 billion, which is \$42 million less than the amount applied for by TransCanada. The main factors contributing to this reduction are: a lower approved rate of return on common equity (\$21.3 million); lower associated income taxes (\$17.4 million); and a reduction to Operation, Maintenance and Administration expenses of \$2.5 million.

The Board also approved a rate of return on common equity of 11.25 percent. TransCanada had applied for a rate of 12.37 percent. The retention of a common equity ratio of 30 percent was also approved by the Board.

The decision results in a firm service toll to the Eastern Zone of the TransCanada system of 86.32 cents per gigajoule. This toll is 2.6 percent lower than the applied for toll of 88.61 cents per gigajoule and 0.8 percent less than the 1993 approved toll of 87.05 cents per gigajoule.

A public hearing, which lasted 20 days, was held in Ottawa in February 1994, and was completed in Calgary in March 1994.

Hearing Decision Pending

1. *TransCanada PipeLines Limited - 1995/96 Additional Facilities*

The Board held a public hearing on 5 and 7 July 1994 in Calgary on an application by TransCanada for approval to construct new pipeline and compression facilities on its mainline system in Ontario and Quebec.

TransCanada applied for approval to construct approximately 55.2 kilometres (34.1 miles) of pipeline and to add 70.3 megawatts of new compression. The proposed new facilities would permit TransCanada to meet requests for new long-haul firm services totalling 2.5 million cubic metres (88.8 million cubic

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National
Energy Board



Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



feet) per day. TransCanada plans to begin construction in 1995 and the new facilities would come into service by 1 November 1995. The estimated cost of the project is \$189.3 million.

The Board expects to release its Reasons for Decision in mid-September.

Hearings Scheduled

1. *Various Natural Gas Export Applications - GH-3-94*

The Board will hold a public hearing commencing on 12 September 1994 in Calgary on five applications for seven licences to export natural gas.

The applications to be considered at the hearing are described below.

CanStates Gas Marketing applied for two 15-year licences to export a total of 1.3 million cubic metres (45 million cubic feet) of natural gas per day at Kingsgate, British Columbia. The natural gas will be used to fuel a proposed combined cycle electricity generating plant at Hermiston, Oregon.

Chevron Canada Resources applied for a 15-year licence to export some 585 800 cubic metres (20.7 million cubic feet) of natural gas per day at Kingsgate, British Columbia. The natural gas will be used to fuel a proposed combined cycle electricity generating plant at Hermiston, Oregon.

Renaissance Energy Ltd. applied for a 9-year licence to export some 140 000 cubic metres (4.9 million cubic feet) of natural gas per day at Monchy, Saskatchewan. The natural gas will be sold to AmGas Inc., a natural gas marketing company located in Omaha, Nebraska.

Renaissance Energy Ltd. applied for two 10-year licences to export a total of 208 000 cubic metres (7.4 million cubic feet) of natural gas per day at Niagara Falls, Ontario. The natural gas will be sold to Bay State Gas Company, the largest independent gas distributor in New England, and Northern Utilities, Inc. a local distribution

company serving communities in New Hampshire and Maine.

Western Gas Marketing Limited applied for a 9-year licence to export some 205 000 cubic metres (7.2 million cubic feet) of natural gas per day at Emerson, Manitoba. The natural gas will be sold to Michigan Gas Utilities, a local distribution company in the State of Michigan.

At the outset of the hearing, the Board will hear motions made by Rocky Mountain Ecosystem Coalition and Canada Greens to adjourn this hearing. The motions were supported by the B.C. Environmental Network Forest Caucus. The Board will also consider, at the outset of the hearing, a request by Canada Greens to order CanStates to re-submit its answers to intervenor information requests omitting the qualification "without prejudice".

2. *Foothills Pipe Lines (Alta.) Ltd. - Facilities Application - GH-4-94*

The Board will hold a public hearing commencing on 3 October 1994 in Calgary on an application from Foothills Pipe Lines Ltd., on behalf of Foothills (Alta.), for approval to construct and operate the proposed "Wild Horse Pipeline".

Foothills (Alta.) applied for approval to construct and operate a pipeline consisting of approximately 215.5 kilometres (134 miles) of 914 millimetre (36 inch) diameter line pipe, metering, and related facilities between Princess, Alberta and the international border near Wild Horse, Alberta.

The proposed Wild Horse Pipeline would be capable of transporting 20.89 million cubic metres (737.5 million cubic feet) of natural gas per day commencing 1 November 1996. The pipeline would connect upstream with the facilities of NOVA Gas Transmission Ltd. and downstream at the Alberta/Montana border with the proposed Altamont Gas Transmission

Company pipeline system. The estimated cost of the Wild Horse Pipeline project is \$138.6 million.

3. *Multi-Pipeline Cost of Capital Hearing - RH-2-94*

The Board will hold a public hearing commencing on 24 October 1994 in Calgary on the cost of capital for Group 1 pipeline companies under its jurisdiction, with the exception of Interprovincial Pipe Line (NW) Ltd. and Cochin Pipe Lines Ltd., which are regulated differently. Group 1 companies include the five largest gas pipelines and the five largest oil and products pipelines.

A pre-hearing conference to address procedural matters associated with these proceedings was held on 17 May 1994 in the Board's hearing room.

This is the first time the Board has considered the cost of capital (rate of return on common equity and capital structure) for Group 1 pipeline companies in a single hearing.

The Board would like to avoid annual hearings on the cost of capital for the major Group 1 pipeline companies. It is the Board's intention to set the cost of capital for multi-year periods with provisions for a predetermined adjustment mechanism to the rate of return on common equity component.

This hearing will be restricted to cost of capital matters. Matters other than these issues which are normally raised by virtue of the Board's mandate will be addressed in the pipeline companies' individual toll proceedings.

Pipeline companies which present an acceptable uncontested settlement to the Board two weeks prior to the beginning of the October hearing, on either their capital structure or their rate of return on equity, will be exempted from having to deal with either of these matters in this proceeding. Pipeline companies which have been exempted by virtue of a settlement can still participate as interested parties.

Hearing Applications Filed

The following applications have been filed with the Board and are available for examination. However, hearing dates have not been set because the applications are under consideration or dormant.

Dormant

- | | |
|--|---|
| 1. Foothills Pipe Lines (Yukon) Ltd. | - Application dated 29 June 1979 for a certificate to construct the Dempster lateral. |
| 2. Polar Gas Ltd. | - Application dated 29 June 1984 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |
| 3. Mobil Oil Canada Ltd., Petro-Canada Inc.,
Texaco Canada Resources Ltd. and
Nova Scotia Resources (Ventures) Limited | - Applications dated 17 July 1985 to export natural gas (Venture Project). |
| 4. Foothills Pipe Lines Ltd. | - Application dated 30 October 1989 for a certificate to construct a natural gas pipeline from the Mackenzie Delta. |

Under Consideration

- | | |
|---|--|
| 5. TransCanada PipeLines Limited - 1995 Tolls | - On 29 June 1994, TransCanada applied for the approval of its 1995 tolls. The tolls requested by TransCanada for the Eastern Zone average 4.2 percent more than the tolls approved for 1994. TransCanada's application includes an 11.5 percent increase in its revenue requirement to \$1,773.6 million from the approved revenue requirement for 1994 of \$1,590.0 million and a rate of return on common equity of 12.75 percent on a common equity ratio of 30 percent. |
|---|--|

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 June 1994 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Energy Commodity Matters

Gas

Matters Completed

1. *Imperial Oil Resources Limited - Contract Amendment - Natural Gas Export Licence GL-151*

On 12 July 1994, the Board approved an application dated 30 June 1994 from Imperial Oil for approval of a Letter Agreement dated 30 November 1993 amending the Natural Gas Sales Agreement dated 1 May 1989 between Imperial Oil and Boston Gas Company underpinning natural gas exports under Licence GL-151.

2. *Poco Petroleums Ltd. - Contract Amendment - Natural Gas Export Licence GL-205*

On 13 June 1994, the Board approved an application dated 1 June 1994 from Poco for approval of an Amending Agreement dated 1 November 1993 amending the Gas Purchase Contract dated 1 June 1991 between Poco and Northwest Natural Gas Company underpinning natural gas exports under Licence GL-205.

3. *Shell Canada Limited - Contract Amendment - Natural Gas Export Licence GL-181*

On 5 July 1994, the Board approved an application dated 16 June 1994 from Shell for approval of an Amending Agreement dated 1 November 1993 amending the Gas Sales and Purchase

Agreement dated 31 January 1991 between Salmon Resources Ltd. and Midwest Gas, a division of Midwest Power Systems Inc. underpinning natural gas exports under Licence GL-181.

Matter Under Consideration

4. *Selkirk Cogen Partners, L.P. - Contract Amendment - Natural Gas Export Licence GL-157*

On 3 March 1994, Selkirk applied for approval of an Amended and Restated Gas Purchase Contract dated 26 September 1993 underpinning exports under natural gas export Licence GL-157.

On 29 April and 18 May 1994, the Board sent letters to Selkirk requesting additional information.

Electricity

Matters Completed

1. *Electricity Review*

On 24 June 1994, the Minister of Natural Resources Canada announced the release of two reports prepared by the Board entitled "Review of Inter-Utility Trade in Electricity" and "Review of Inter-Utility Trade in Electricity - Analyses of Submissions".

The publication of these reports represents the completion of a review conducted by the Board at the request of the Minister of Energy, Mines and Resources (now Natural Resources Canada) in a letter dated 19 September 1988.

Specifically, the Minister asked the Board to review and report on the possible measures that could be taken to:

- (i) enhance interprovincial trade in electricity;
- (ii) encourage greater cooperation between utilities; and
- (iii) enable buyers and sellers to obtain

commercial access to available transmission capacity through intervening provinces for wheeling purposes.

2. *Memorandum of Guidance Dated 7 July 1993 on Process Reforms Concerning Electricity Export and International Power Line Applications - Addendum*

The Board revised the above-mentioned Memorandum of Guidance in an Addendum dated 14 June 1994. In order to meet the public notice requirement of the Act, all applicants are required to publish a Notice of Application and Directions on Procedure at the time an application is filed with the Board. Specifically, Appendix I(a) of the Memorandum of Guidance provides an example of the notice required to be published for firm or interruptible electricity exports.

In addition, the Board has decided to revise Appendix I(a) by removing the footnote. The footnote stated that in considering the impact of the export on the environment, the jurisdiction of the Board incorporates matters relating to the impact of sending electricity from Canada but does not include any environmental impact associated with the production of electricity for export. However, as a result of the judgement of the Supreme Court of Canada in *Québec (Attorney-General) v. Canada (National Energy Board)*, this is no longer applicable.

3. *Hydro-Québec - Electricity Export Licences EL-151 and 166*

On 28 July 1994, the Board approved an application dated 24 May 1994 by Hydro-Québec for approval, in accordance with certain conditions in electricity export Licences EL-151 and EL-166, of its estimates of production, demand and surplus energy.

4. *Manitoba Hydro - Electricity Export*

On 11 August 1994, the Board approved an application dated 16 June 1994 from

Manitoba Hydro in which it requested the renewal of Export Permit EPE-30 for a 5-year period, from 1 October 1994 to 30 September 1999. Permit EPE-30 authorizes the exportation of electricity to Minnkota Power Cooperative, Inc., as a border accommodation, for eventual delivery to Roseau Electric Cooperative, Inc. in Minnesota. In addition, Manitoba Hydro requested that the maximum power limit of the permit be raised from 900 to 1 080 kilowatts and that the maximum annual energy limit be raised from 7 884 to 9 460 kilowatt hours.

Matters Under Consideration

5. *Edmonton Power Authority - Electricity Export Permit Application*

On 30 June 1994, Edmonton Power applied for two permits for export during the period commencing 1 July 1994 and ending on 31 December 1999. One permit requested authorization for the export of up to 115 megawatts of short-term firm power and 1 000 gigawatt hours of associated energy in any consecutive 12 month period. The second permit requested authorization for the export of up to 3 000 gigawatt hours of interruptible energy in any consecutive 12 month period, less any short-term firm exports.

The application is currently under review.

6. *Hydro-Québec - Electricity Export Permit Application*

On 24 May 1994, Hydro-Québec applied for a 30-year permit for the export of up to 4 825 megawatts and 30 terawatts, annually, of firm and interruptible electricity. The requested permits would authorize exports for a maximum of 5 years to any customer, without having to obtain prior approval of the Board.

On 4 August 1994, the Board sent a letter to Hydro-Québec requesting additional information.

7. *West Kootenay Power Ltd. - Electricity Export Permit Application*

On 15 August 1994, West Kootenay applied for approval of two electricity export permits. The first permit is for the export of up to 100 gigawatt hours of interruptible energy in any consecutive 12-month period. The second permit is for the export of up to 100 gigawatt hours of firm equichange energy in any consecutive 12-month period. The applicant requests that the sum of interruptible transfers plus miscellaneous firm equichange transfers not exceed 100 gigawatt hours in any consecutive 12-month period. The permits are requested for the period beginning 1 October 1994 and ending on 30 September 1999.

Pipeline Matters

Matters Completed

1. *Streamlining Section 58 Pipeline Applications*

On 6 July 1994, the Board issued a decision concerning the processing of specified routine pipeline facilities applications under section 58 of the National Energy Board Act. Section 58 applications are for new pipelines less than 40 kilometres in length and other facilities, and may be considered by the Board without a public hearing.

The Board decided to allow pipeline companies to complete routine or repetitive capital projects required to operate and manage a pipeline system and which have been determined to have no environmental effect without having to seek individual Board authorizations. As well, projects undertaken by pipeline companies which are part of a well defined multi-year program would receive a single, one-time examination by the Board at the commencement of the program. All capital projects completed by a pipeline company under this streamlined process will continue to be examined by the Board and interested parties prior to being added to the rate base.

The decision was in response to input requested from both industry and the public regarding concerns expressed about the administrative burden in the regulation of capital additions and associated expenses.

2. *Documentation Audit Reports*

On 25 August 1994, the Board adopted the Documentation Audit Reports for Monitoring Compliance with the Onshore Pipeline Regulations for the following companies:

Cochin Pipe Line Limited
Novacor Chemicals (Canada) Ltd.
Interprovincial Pipe Line Inc.

3. *Westcoast Energy Inc. - North Shokille Pipeline*

On 25 August 1994, the Board approved an application dated 21 March 1994 from Westcoast for approval of a 24 kilometre sour gas pipeline, referred to as the North Shokille Pipeline, which is to be located northeast of Fort St. John, British Columbia. The estimated cost of the project is \$8.6 million.

4. *Section 58 Pipeline Applications*

The Board has approved or is considering several applications under section 58 of the National Energy Board Act for routine facilities. Section 58 applications are for pipeline projects that do not involve new pipelines greater than 40 kilometres in length and may be considered by the Board without a public hearing.

Gas Pipelines

Canadian-Montana Pipe Line Company Limited

Application Dated 21 April 1994

Approved on 27 July 1994

Estimated Cost: \$34 375

Order Number: XG-C9-42-94

Foothills Pipe Lines (Alta.) Ltd.

Application dated 4 July 1994

Approved on 7 July 1994

Estimated Cost: \$2 300 000

Order Number: XG-F7-41-94

Foothills Pipe Lines Ltd.
Application dated 20 June 1994
Approved on 6 July 1994
Estimated Cost: \$26 058
Order Number: XG-F6-36-94

Huntingdon International Pipeline Corporation
Application dated 12 May 1994
Approved on 8 June 1994
Estimated Cost: \$82 440
Order Number: XG-H37-30-94

Morgan Hydrocarbons Inc.
Application dated 15 August 1994
Estimated Cost: \$343 000
Status: Under review

Niagara Gas Transmission Limited
Application dated 17 June 1994
Approved on 18 July 1994
Estimated Cost: \$60 000
Order Number: XG-N6-37-94

TransCanada PipeLines Limited
Application dated 27 September 1993
Approved on 9 December 1993, 14 February, 21 April, 17 May, 6 June and 19 July 1994
Estimated Cost: \$65 567 000
Order Numbers: XG-T1-56-93, XG-T1-9-94 (also AO-1-XG-T1-9-94), XG-T1-16-94, XG-T1-28-94 (also AO-1-XG-T1-28-94), XG-T1-31-94, XG-T1-34-94 and XG-T1-45-94.

TransCanada PipeLines Limited
Application dated 22 March 1994
Approved on 28 April and 17 May 1994
Estimated Cost: \$23 265 000
Order Numbers: XG-T1-20-94 and XG-T1-26-94.

TransCanada PipeLines Limited
Application dated 25 May 1994
Approved on 14 July 1994
Estimated Cost: \$23 400 000
Order Number: XG-T1-40-94

TransCanada PipeLines Limited
Application dated 17 June 1994
Approved on 5 July 1994
Estimated Cost: \$320 000
Order Number: XG-T1-35-94

TransCanada PipeLines Limited
Application dated 30 June 1994
Approved on 9 August 1994
Estimated Cost: \$114 400
Order Number: XG-T1-44-94

Westcoast Energy Inc.
Application dated 15 October 1993
Estimated Cost: \$67 441 000
Status: The Board approved parts of the application on 24 March, 5, 19 May and 7 July 1994 totalling \$63 082 000.
Order Numbers: XG-W5-15-94, XG-W5-25-94, XG-W5-27-94 and XG-W5-39-94.

Westcoast Energy Inc.
Application dated 21 March 1994
Approved on 25 August 1994
Estimated Cost: \$8 600 000
Order Number: XG-W5-48-94

Westcoast Energy Inc.
Application dated 2 May 1994
Approved on 2 June 1994
Estimated Cost: \$2 854 000
Order Number: XG-W5-29-94

Westcoast Energy Inc.
Application dated 12 May 1994
Approved on 14 July 1994
Estimated Cost: \$28 491 000
Order Number: XG-W5-43-94

Westcoast Energy Inc.
Application dated 17 May 1994
Approved on 7 July 1994
Estimated Cost: \$1 465 000
Order Number: XG-W5-38-94

Westcoast Energy Inc.
Application dated 31 May 1994
Approved on 23 June 1994
Estimated Cost: \$1 890 000
Order Number: XG-W5-33-94

Westcoast Energy Inc.
Application dated 1 June 1994
Estimated Cost: \$15 599 000
Status: Under review.

Westcoast Energy Inc.
Application dated 6 June 1994
Approved on 3 August 1994
Estimated Cost: \$1 000 000
Order Number: XG-W5-32-94

Westcoast Energy Inc.
Application dated 23 June 1994
Approved on 4 August 1994
Estimated Cost: \$987 000
Order Number: XG-W5-46-94

Westcoast Energy Inc.
Application dated 13 July 1994
Approved on 31 August 1994
Estimated Cost: \$2 212 000
Order Number: XG-W5-50-94

Westcoast Energy Inc.
Application dated 20 July 1994
Estimated Cost: \$11 500 000
Status: Under review.

Westcoast Energy Inc.
Application dated 2 August 1994
Estimated Cost: \$5 243 000
Status: Under review.

Westcoast Energy Inc.
Application dated 9 August 1994
Approved on 24 August 1994
Estimated Cost: \$1 100 000
Order Number: XG-W5-49-94

Oil Pipelines

Amoco Canada Petroleum Company Ltd., on behalf of Cochin Pipe Lines Ltd.
Application dated 10 May 1994
Approved on 8 June 1994
Estimated Cost: \$170 000
Order Number: XO-C18-24-94

Dome Kerrobert Pipeline Ltd. and PanCanadian Kerrobert Pipeline Ltd.
Application dated 12 April 1994
Approved on 14 June 1994
Estimated Cost: \$1 800 000
Order Number: XO-D10-26-94

Interprovincial Pipe Line Inc.
Application dated 13 June 1994
Approved on 9 August 1994
Estimated Cost: \$51 562 800
Order Number: AO-1-XO-J1-6-94
(Replaces Schedule A to Order XO-J1-6-94)

Interprovincial Pipe Line Inc.
Application dated 10 June 1994
Estimated Cost: \$1 260 000
Status: Under review

Murphy Oil Company Ltd., on behalf of
Wascana Pipe Line Ltd.
Application dated 24 June 1994
Approved on 18 August 1994
Estimated Cost: \$903 000
Order Number: XO-M23-33-94

Trans Mountain Pipe Line Company Ltd.
Application dated 24 September 1993
Estimated Cost: \$12 935 000
Status: The Board approved part of the
application on 10 March 1994 totalling
\$11 159 800.
Order Number: XO-T4-07-94.

Trans Mountain Pipe Line Company Ltd.
Application dated 3 May 1994
Approved on 29 June 1994
Estimated cost: \$1 650 000
Order Number: XO-T4-27-94

Trans Mountain Pipe Line Company Ltd.
Applications dated 25 May and 6 July 1994
Estimated Cost: \$11 202 100
Approved on 22 June and 21 July 1994
Order Numbers: AO-T4-7-94, AO-2-
XO-T4-7-94 and AO-3-XO-T4-7-94.
(Replaces Schedule A to XO-T4-7-94.)

Trans Mountain Pipe Line Company Ltd.
Application dated 3 June 1994
Approved on 14 July 1994
Estimated Cost: \$732 000
Order Number: XO-T4-31-94

Trans Mountain Pipe Line Company Ltd.
Application dated 15 June 1994
Approved on 22 June 1994
Estimated Cost: \$70 000
Order Number: XO-T4-29-94

Trans-Northern Pipelines Inc.
Application dated 15 December 1993
Estimated Cost: \$4 612 000
Status: The Board approved parts of the
application on 27 January and 31 March
1994 totalling \$3 912 000.
Order Numbers: XO-T2-04-94 and
XO-T2-14-94.

Trans-Northern Pipelines Inc.
Application dated 18 May 1994
Approved on 8 June 1994
Estimated cost: \$300 000
Order Number: XO-T2-25-94

Westpur Pipe Line Company Inc.
Application dated 18 July 1994
Estimated Cost: \$1 539 000
Status: Under review

Matters Pending

5. *Niagara Gas Transmission Limited - Jurisdiction Question*

(Refer to item 2 under *Reviews, Review
Under Consideration* on page 15.)

The Board is considering a jurisdictional question regarding an application dated 19 November 1994 from Niagara Gas with respect to the construction of a natural gas pipeline under the Ottawa River which the Board approved on 20 May 1994

The pipeline construction consists of approximately 10.5 kilometres (6.5 miles) of pipeline from an interconnection with the existing Consumers' Gas Company Ltd. Ottawa System pipeline in the City of Gloucester, Ontario, to a point of interconnection with a proposed new pipeline in the Gazifère Inc. distribution system in Gatineau, Quebec. The estimated cost of the new facilities is \$11.2 million.

The Board noted that certain upstream facilities, once connected to the Niagara Gas line, could potentially be subject to federal jurisdiction and regulation by the Board. Therefore, the Board decided to consider the question of its jurisdiction over these upstream facilities owned by The Consumers' Gas Company Ltd. through written submissions. Niagara Gas and any other party had until 10 June 1994 to file their submissions and parties had until 22 July 1994 to reply to any party's submissions.

6. *PanCanadian Petroleum Limited - Pipeline Facilities*

On 26 November 1993, PanCanadian applied for approval to construct approximately 14.5 kilometres of pipeline from an interconnection with TransCanada PipeLines Limited's Ottawa sales gate

meter station in the City of Gloucester, Ontario and then under the Ottawa River to the Canadian Pacific Forest Products Limited newsprint mill in Gatineau, Quebec. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site. The estimated cost of the facilities is \$8.4 million.

On 20 January, 3, 24 February, 17 March and 5 May 1994, the Board sent letters to PanCanadian requesting additional information.

On 19 May 1994, the Board sent a letter to PanCanadian requesting additional information and advising that the Board did not intend to proceed further with the application until it receives a clear indication of the intention of Hydro-Québec to purchase, at a time certain, the power produced by the proposed Gatineau cogeneration facility.

On 15 June 1994, PanCanadian informed the Board that Hydro-Québec will not decide the future of the Gatineau cogeneration project before 15 November 1994 and asked the Board to proceed with the processing of the PanCanadian application.

On 29 July 1994, the Board sent a letter to PanCanadian advising it that the Board was prepared to reconsider its decision conveyed in its letter of 19 May 1994. The Board further advised PanCanadian that once the outstanding information requested in the Board's letter of 19 May 1994 is provided, the Board will examine it and advise PanCanadian on the status of its application and provide further direction on procedure.

7. *Trans Quebec & Maritimes Pipeline Inc. - Pipeline Facilities*

On 28 June 1994, TQM applied for approval to construct a pipeline which will cross the St. Lawrence River to the South Shore of Quebec.

TQM applied to construct 13.5 kilometres (8.4 miles) of 406 millimetre (16

inch) diameter pipeline from main line valve AV-25 of the TQM system at Saint-Augustin-de-Desmaures, Quebec to a new meter station located south of the Jean-Lesage Autoroute (Highway # 20) at Bernières, on the South Shore of Quebec City. Construction will also include an underground river-crossing by tunnel of the St. Lawrence River, of approximately 3.5 kilometres. The estimated cost of the proposed facilities is \$27.3 million.

TQM indicated that the facilities are necessary to provide the service required by Gaz Métropolitain to serve new markets on Quebec City's South Shore and to allow for the development and operation of an underground natural gas storage facility in St. Flavien, located approximately 25 kilometres west of Bernières.

On 28 July 1994, the Board directed TQM to publish a public notice of the application in various newspapers in Canada describing the application and setting the date of 26 August 1994 for interested persons to comment on the application and 2 September 1994 for TQM to respond to any comments received.

On 26 August 1994, the Board sent a letter to TQM requesting additional information.

8. *Trans-Northern Pipelines Inc. - Abandonment of Pipeline Facilities*

On 2 September 1993, Trans-Northern applied for approval to abandon the Hamilton and Markham meter station, and the Markham and Hamilton laterals consisting of 1 945 metres of pipeline.

On 15 November 1993, Trans-Northern advised the Board that it was seeking a buyer for the Hamilton Lateral.

On 9 December 1993, the Board approved the abandonment of the meter stations and the Markham lateral and deferred consideration of the application to abandon the Hamilton lateral.

9. *Trans-Northern Pipelines Inc. - Sale of Pipeline Facilities*

On 3 March 1993, Trans-Northern informed the Board that it had sold the Montreal Booster Station on the Montreal refinery feeder system to Ultramar Canada Inc. After more information was requested by the Board, it became evident that leave had not been applied for nor granted by the Board in respect of the sale.

On 21 January 1994, the Board advised Trans-Northern that it had considered the information provided by the company concerning the use, operation and function of the Montreal Booster Station and that it would appear that the Station continues to be an integral part of the Trans-Northern system, and, therefore, continues to be part of a federal work and undertaking and remains subject to regulation by the Board despite the sale to Ultramar. The Board requested Trans-Northern and Ultramar to comment and provide any additional information concerning the use, operation and function of the Station before the Board decides on the application. Trans-Northern and Ultramar responded on 10 and 11 February 1994, respectively.

On 23 June 1994, the Board decided that, based on the intended use and operation of the Montreal Booster Station by Ultramar, it will no longer be necessary to the Trans-Northern system, and accordingly will no longer be subject to regulation by the Board. The Board then granted Trans-Northern leave to sell the Station to Ultramar.

10. *Westcoast Energy Inc. - Compressor Facilities*

On 21 March 1994, Westcoast applied for approval of compressor unit additions to Stations 4A and 5 on its Southern Mainline. The estimated cost of the projects are \$38.3 million and \$33.6 million, respectively.

On 7 April 1994, the Board decided to seek the comments of interested parties

on the application. Interested parties had until 21 April 1994 to comment.

On 27 April 1994, the Board sent a letter to Westcoast requesting additional information.

11. *Westcoast Energy Inc. - Pipeline Facilities - Milligan-Peejay Loop*

On 20 July 1994, Westcoast applied for approval to construct the Milligan-Peejay Loop Pipeline which would consist of 31.9 kilometres (19.9 miles) of 273.1 millimetre (10.75 inch) of line pipe. The pipeline loop will be located in the Milligan-Peejay Gathering area, within the Peace River District in British Columbia. The estimated cost of the project is \$11.5 million.

The application is currently under review.

12. *Westcoast Energy Inc. - Pipeline Facilities - Wolf Pipeline*

On 1 June 1994, Westcoast applied for approval to construct the Wolf Pipeline which would consist of 33.7 kilometres (20.9 miles) of 406.4 millimetre (16 inch) of line pipe. The pipeline will start at the junction of the Milligan-Peejay pipeline and proceed southwesterly to the Oak Rigel pipeline in the Peace River District in British Columbia. The estimated cost of the project is \$15.6 million.

On 26 August 1994, the Board sent a letter to Westcoast requesting additional information.

Traffic and Toll Matters

Matter Completed

1. *Revised Negotiated Settlements Guidelines for Traffic, Tolls and Tariffs*

On 23 August 1994, the Board issued revised guidelines on negotiated settlements regarding traffic, tolls and tariffs for the Group 1 pipeline companies reg-

ulated by the Board. Group 1 companies include the five largest oil and products pipelines and the five largest natural gas pipelines.

The Board considered the comments received from interested parties on the draft revised guidelines and a discussion paper on negotiated settlements issued on 21 April 1994.

A number of Group 1 pipeline companies have, in recent years, established task forces on tolls, tariff and operational matters. These task forces provide a forum for the pipeline companies, producers, shippers, consumers, governments and other interested parties to exchange information, discuss issues, negotiate and ultimately settle issues before the formal hearing process is initiated before the Board. Sometimes it is possible for a task force to settle all outstanding issues, thus obviating the need for a formal hearing for the Board. In either case, there can be substantial cost savings for all parties.

The Board sees such negotiated settlements as a means whereby pipeline companies and interested parties can choose to resolve issues and agree on the regulation of tolls and tariffs without resorting to the hearing process.

Matters Under Consideration

2. *Secondary Market for Natural Gas Transportation Services*

On 5 July 1994, the Board issued a discussion paper on possible changes to the rules governing the way transportation services are traded through the secondary market on the pipelines owned by Alberta Natural Gas Company Ltd., Foothills Pipe Lines Ltd., TransCanada PipeLines Limited and Westcoast Energy Inc.

In its discussion paper, the Board says it is aware that some pipelines are planning to establish state-of-the-art electronic bulletin boards ("EBBs") which will, among other things, provide ship-

pers with immediate access to information on available capacity and facilitate the trading of this capacity among shippers. The Board believes that this raises issues which may require some regulatory actions to encourage optimal development and use of these EBBs on Board-regulated natural gas pipelines.

The Board is requesting comments on two proposals: (1) to require all transactions on the secondary market to be posted on the pipelines' EBBs and to provide an opportunity to all shippers to bid for available capacity; and (2) to remove the current restriction on selling capacity on the secondary market at prices above the regulated cost of service toll. The intent of the first proposal is to improve the transparency of pricing in the market and the intent of the second proposal is to improve the efficiency of the market.

The discussion paper provides background on the development of the secondary market for transportation services on natural gas pipelines in both Canada and the United States, elaboration on the Board's assessment of current developments, some possible regulatory actions and a list of questions.

Interested parties were given until 18 November 1994 to comment on the possible changes and 16 December 1994 to file reply comments.

3. *Interprovincial Pipe Line Inc. - Monthly Surveillance Report*

On 4 February 1994, Interprovincial applied to have the Board eliminate the requirement for it to file monthly surveillance reports.

On 31 March 1994, the Board decided to seek comments of interested parties on the application. Interested parties had until 12 April 1994 to comment and Interprovincial had until 19 April 1994 to reply to any comments received.

On 22 April 1994, Interprovincial requested that the Board delay making a decision on the application and that both,

Interprovincial and interested parties be given another opportunity to comment on the application after the next Industry Task Force meeting, tentatively scheduled for 29 April 1994.

On 29 April 1994, the Board decided to delay making a decision on the application.

On 13 May 1994, Interprovincial advised the Board that it had met with its Industry Task Force and it was agreed that Interprovincial and the Task Force would continue to work together to develop a proposal to address Industry's concerns regarding the financial information provided by Interprovincial through both its toll filing and its monthly and quarterly report. Interprovincial requested that the Board further delay consideration of this matter.

On 25 May 1994, the Board decided to further delay consideration of the 4 February 1994 application and directed Interprovincial to notify the Board once the Company and Industry have come to an agreement on this matter.

4. *TransCanada PipeLines Limited - Fuel Imbalances*

On 24 May 1994, TransCanada applied for approval of changes to its operating procedures as follows:

- (a) effective 1 June 1994, TransCanada wishes to state all fuel imbalances in energy for all shippers; and
- (b) to convert the fuel imbalances from 1 November 1991 to 31 May 1994 from a volume basis to energy equivalents using the average stream heating value for each month during the period so as to restate the imbalance accounts of all shippers.

On 2 June 1994, the Board decided to suspend the tariff incorporating the proposed changes which came into effect on 1 June 1994. The Board also decided to obtain the views of interested parties regarding this matter.

On 28 July 1994, with respect to changing the method of calculation fuel imbalances, the Board accepted TransCanada's proposal to calculate fuel imbalances for shippers in energy units. The Board directed TransCanada to provide a proper schedule for inclusion in its transportation tariff and to serve the amendments on all its shippers and interested parties. Accordingly, the Board directed that the suspension of the tariff issued on 2 June 1994 shall expire on 1 August 1994.

Further, the Board considered the second part of TransCanada's proposal concerning the treatment of historical fuel imbalances from 1 November 1991 to 31 May 1994 and found that allowing the proposed treatment would constitute retroactive or retrospective toll-making. Consequently, the Board disallowed TransCanada's proposal to recover past imbalances from its shippers.

5. *Trans Mountain Pipe Line Company - Tankage Study*

In the Board's Reasons for Decision regarding Trans Mountain's 1993 and 1994 tolls (RH-3-93), the Board directed the Company to carry out an independent review of its tankage use, costs and credits. Trans Mountain was directed to submit proposed terms of reference for this study to the Board for approval. Trans Mountain filed the proposed terms of reference on 2 May 1994.

On 19 May 1994, the Board decided to seek comments from interested parties on the terms of reference.

The most contentious matter raised was whether this study should focus on the determination of the minimum required or the optimal design level of tankage. The Board decided to require the study to establish both the minimum and optimal tankage levels and to justify the appropriate level of tankage for current and foreseeable shipper requirements.

Some parties requested greater initial consultation with shippers and sought to involve interested parties in the review of the draft report prior to its submission to the Board. In both cases, the Board found such consultation appropriate.

Trans Mountain also requested that it be given one year in which to complete the tankage study. The Board granted Trans Mountain's request, on condition that it endeavour to file the study at the earliest possible date. The Board gave Trans Mountain until 15 July 1995 to file the study.

On 14 July 1994, the Board issued revised terms of reference in accordance with these decisions.

6. *Wascana Pipe Line Ltd. - Tariff No. 4*

On 9 June 1994, Wascana filed a copy of its Tariff No. 4 revised Rules and Regulation to be effective 1 July 1994 governing the transportation of oil by pipeline. The major change in the Tariff is the implementation of a Term Throughput Agreement. .

On 24 June 1994, the Board decided to seek comments from shippers and interested parties and to request further infor-

mation from Wascana. Shippers and interested parties had until 29 July 1994 to comment and Wascana had until 12 August 1994 to reply to any comments received.

The Board also decided to suspend Wascana's tariff pending the Board's review of this matter

7. *Westcoast Energy Inc. - Tommy Lakes Pipeline - Toll Surcharge*

On 29 June 1994, Westcoast filed a revised toll schedule for Demand and Commodity Tolls, Raw Gas Transmission Service, effective 1 July 1994. The essence of the revision is to eliminate the demand toll surcharge on the Tommy Lakes pipeline as a result of a firm service contract by Petro-Canada, effective 1 July 1994.

The Board noted that for the Tommy Lakes Pipeline the existing toll surcharge was fixed by toll order TG-7-92 and therefore, in the Board's view, Westcoast's submission to eliminate the toll surcharge is an application to vary the toll surcharge order. The Board also noted that the elimination of the surcharge will effectively increase the average Zone 1 tolls paid by all shippers.

On 11 August 1994, the Board decided that interested parties should be given an opportunity to comment on Westcoast's proposal. Interested parties had until 25 August 1994 to comment and Westcoast had until 1 September 1994 to reply to any comments received.

Other Matters

Safety Matters General

1. Preliminary Incident Reports - Incident Calls

The Board has updated its incident call procedures by instituting an 800 line service. Incident calls will be forwarded to appropriate Board staff on a 24 hour basis. Should a staff member not be available, a brief message will be taken and staff will return the call later. The following numbers are available

Incident calls only: 1-800-632-1663 or 1-800-NEB-1-ONE

General Inquiries: (403) 292-4800

Facsimile: (403) 292-5503

Matters Completed

2. Petroleum Transmission Company - Pipeline Rupture Near Broadview, Saskatchewan

On 5 August 1994, the Board issued its report (R94-1) in response to the Transportation Safety Board's ("TSB") recommendations on an incident on the Petroleum Transmission Company pipeline.

On 26 August 1994 the TSB released a report on a pipeline rupture which occurred on 9 January 1991 near Broadview, Saskatchewan on the Petroleum Transmission Company pipeline system. The TSB determined that the cause of the pipe rupture was a fatigue failure at a longitudinal seam weld defect which resulted from long-term internal pressure fluctuations. As a result of its investigation, the TSB made five recommendations to the Board pertaining to quality assurance for pipelines, emergency response procedures, emergency communications and procedures for the safe ignition of vapour plumes.

On 5 August 1994, the Board sent a letter to all pipeline companies under its jurisdiction. In its letter, the Board advised that it was conducting a survey of companies that have experienced failure on ERW pipe involving manufac-

turing defects. The survey is intended to gather information on ERW pipe, including hydrotest and service failure history, operating conditions, pipe manufacturing data, and failure mechanisms. Where the information submitted to the Board indicates that there may be an unacceptable risk of operational failure, corrective action will be taken.

With respect to emergency response and communications, the Board is aware of ongoing initiative in the pipeline industry to develop an industry standard for training of control room operators. The Board encourages such initiatives, especially as they apply to the area of abnormal operations and emergency response.

Companies transporting HVP products were also advised that procedures for the safe ignition of vapour plumes must be included in their emergency procedures, as required by section 49 of the Onshore Pipeline Regulations. The Board's audit process will incorporate a requirement to verify that such procedures are in place.

3. Amoco Canada Petroleum Company Ltd. - Propane Release and Fire, Windsor, Ontario

On 2 September 1994, the Board issued a report (R94-2) in response to the Transportation Safety Board's ("TSB") recommendations, set out in a report released on 16 June 1994, regarding a leak of liquid propane at the Amoco Terminal in Windsor, Ontario. The leak resulted in a fire and several explosions and one Amoco employee was seriously injured.

As a result of its investigation, the TSB made recommendations to the Board pertaining to the formation of ice plugs, the torquing of flange studs, and contractor plant safety.

On 5 August 1994, the Board sent a letter to all pipeline companies under its jurisdiction. In its letter, the Board directed the companies to set out procedures in their Operation and Maintenance Manuals which specify the requirements and practices that will

ensure the integrity of flanged connections prior to pressurizing a piping system. Companies with facilities performing the same function as those described in the TSB's report were directed to set out procedures for the prevention of the formation of ice plugs and the safe removal of ice plugs should they occur.

Matter Pending

4. TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario

On 9 December 1992, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally-regulated pipelines can be quickly and safely isolated".

The Board has requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis.

A report on the Board's findings is anticipated for September 1994.

Environmental Matter

1. Inventory of Polychlorinated Biphenyls ("PCB's")

On 25 November 1988, the Board requested all pipeline companies under its jurisdiction to provide an inventory within their system of in-service equipment containing PCB's and of PCB-contaminated waste in storage. All companies were asked to confirm that

their PCB waste storage facilities conformed to the requirements outlined in the Interim Order Respecting the Storage of Wastes Containing Polychlorinated Biphenyls, issued pursuant to section 35 of the Canadian Environmental Protection Act.

The interim Order has been replaced by the Storage of PCB Material Regulations which were published in the Canada Gazette on 27 August 1992.

In response to the new regulations, the Board has decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCB's and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations.

On 29 July 1993, the Board sent letters to all pipeline companies under its jurisdiction requesting a review of their current PCB inventory status.

All companies, with the exception of eight, have responded to the Board's request. The Board has updated its PCB Inventory list in accordance with the information provided by all companies that have responded. The Board is awaiting a response from the eight companies that have not yet responded.

Frontier Matters

1. Regulatory Initiatives

(See also item 7 under *Amendments to Regulations* on page 17)

- a) Canada Oil and Gas Occupational Health and Safety Regulations

The Canada Oil and Gas Occupational Health and Safety Regulations are being updated. At

present, these regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation.

A first draft of the amended regulations was reviewed with Labour Canada in August of 1993. Pending the concurrence of Labour Canada, revised drafts will be reviewed by other government departments and industry.

- b) Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil Based Drilling Muds

The joint government/industry review is ongoing. Publication of revised guidelines is planned for the end of the 1994/95 fiscal year.

2. Environmental Assessment and Review Process (EARP)

Environmental screenings were completed on two Applications to Alter the Condition of a Well - Workover Programs at the Amoco Canada Petroleum Company Gas Development Project at Pointed Mountain in the Northwest Territories. For both projects, the potential environmental effects, and related socio-economic effects, were determined to be insignificant or mitigable with known technology.

3. Production

Amoco Canada Petroleum Co. Ltd. - Pointed Mountain Gas Field

On 17 June and 11 August 1994, the Board approved applications from Amoco to abandon the bottom hole portions of the K-45 and P-53 wells at Pointed Mountain and after the abandonment program requested, the approval of a sidetrack drilling program using the existing boreholes. The K-45A well has been completed and is waiting on a stimulation program while the P-53A well is currently being drilled.

Modification to existing field facilities will depend on the flowrates established from the new wells. Field flowline systems will also undergo repairs.

Yukon Well Abandonment

An inspection of 23 well sites was conducted from 10 to 15 July 1994. With the exception of two orphaned wells which require additional work to meet the abandonment criteria set out in the Canada Oil and Gas Drilling Regulations, all other wells were in an acceptable condition. Some of the wells will require further clean up as per the Land Use Regulations administered by the Department of Indian and Northern Development. A report on the status of each well is being prepared. A further inspection program is anticipated in 1995.

Panarctic Oil Ltd. - Abandonment of the Drake F-76 Well

The review of the application for the abandonment of the offshore Drake F-76 gas well is continuing. A technical review meeting was held on 28 July 1994 to discuss abandonment options. As a result of the meeting, Panarctic Oil was notified that the shore abandonment in its present format did not comply with the requirement of the Canada Oil and Gas Drilling Regulations and was therefore unacceptable.

Panarctic will pursue the offshore abandonment options and has planned a field trip for technical and environmental staff in September to review the site. The downhole abandonment form the offshore will meet the requirements of the regulations. The issue with respect to the abandonment program is Panarctic's request to leave the wellhead and flowline system on the seafloor.

Further consultation through the Indian and Northern Affairs Canada Regional Environmental Advisory Committee or Arctic Water Advisory Committee is being considered.

Norman Wells - Artificial Island and Pipeline Integrity

An inspection of the artificial island was conducted on 20 June 1994. Discussions were held with Imperial Oil Limited about its 1994 hydrological survey and its plans to address the issue of pipeline scour. These items will form part of the 1994 artificial island review report.

Inspection of Suspended Wells

An inspection program of 12 Shell Canada Limited well sites in the MacKenzie Delta and three locations south of Fort Simpson was conducted from 22 to 30 August 1994. Four Petro-Canada well sites in the southern Northwest Territories will be inspected in September 1994. The inspections are required to enable the operators to maintain the suspended status of these wells for an additional three years.

4. Environmental Studies Research Funds (ESRF)

The ESRF Board met on 1 June 1994 to discuss the ESRF Research and Development program. The operating budget for 1995 was set at \$23 000 to

cover costs incidental to the administration of the program. No new studies were approved for 1995. The ongoing program, valued at \$450 000, will be completed for the most part by the end of the 1994/95 fiscal year.

Study

1. 1994 Supply/ Demand Report

On 28 July 1994, the Board released its latest study on the long-term outlook for Canadian energy supply and demand entitled "*Canadian Energy Supply and Demand 1993-2010, Trends and Issues*". It is one component of the ongoing study and monitoring of energy matters for which the Board is responsible under the *National Energy Board Act*.

In part to reflect views expressed in consultations with industry and others, this report concentrates more on issues and less on the projection of results than previous reports. Another report will be released later in the fall, which will include a detailed discussion of the analysis and results, similar to previous versions of Canadian Energy Supply and Demand. The main issue evaluated in the report is the impact of evolving tech-

nology on natural gas supply costs and the associated implications for total energy supply and demand.

In this analysis of the prospects for Canadian energy supply and demand, the Board has focused on the implications of:

- the impact of technological change on natural gas supply costs and in turn, the implications for energy demand and the supply of all energy sources;
- evolving oil supply technologies and different oil prices for Canadian oil supply;
- a more energy-intensive economy for energy demand; and
- more interprovincial planning of electricity supply together with open access to transmission facilities for the pattern of electricity generation and trade.

Data used in the Trends and Issues report graphs are available on computer diskette, on request.

Reviews and Appeals

Reviews

Review Completed

1. *Rocky Mountain Ecosystem Coalition ("RMEC") - Review of Reasons for Decision GH-5-93*

Reasons for Decision dated June 1994; issued 30 June 1994 and a Letter Decision dated 11 July 1994 regarding the Husky Oil Operations Ltd.'s application.

On 16 February 1994, the Board rendered its Reasons for Decision in gas export hearing GH-5-93 (refer to item 1 under *Recent Hearing Decisions* on page 1 of issue No. 49 of the Regulatory Agenda dated 1 June 1994).

On 7 March 1994, the Board received an application from the RMEC requesting that the Board review its decisions taken in hearing GH-5-93. RMEC submitted that the judgement of the Supreme Court of Canada rendered 24 February 1994 in the case of *The Grand Council of the Crees (of Quebec) et al v. Attorney General of Canada et al*, constituted a change in circumstance which warranted a review of the decisions.

The Board considered RMEC's application and determined that it raised a question as to the correctness of the Board's decisions, insofar as they relate to the scope of the assessments of the potential environmental effects and directly related social effects of the exports. Therefore, the Board decided to conduct a written review of its decisions. In this review, parties were asked to make submissions on the correctness of the decisions and, if they were incorrect, submissions on the information that would allow the Board to meet its obligations under the *Environmental Assessment Review Process Guidelines Order* ("EARP Guidelines Order") and the *National Energy Board Act* ("the Act").

In its June 1994 decision on the review, the Board decided the following:

The decisions made by the Board in respect of the scope of its obligations

under the EARP Guidelines Order and the Act to consider the environmental effects and directly related social effects of the proposals should be altered as a result of the judgement of the Supreme Court, as a change of circumstance had arisen since the date of the original decision. The Board concluded that it has jurisdiction to consider the environmental effects and directly related social effects of upstream facilities and activities but only where, in specific applications, there is the necessary connection between those upstream matters and the proposal to export gas. Such an application was before the Board in this instance, namely that of Shell, because it is possible that new facilities or activities could be developed or undertaken to meet the requirements of Shell's export licence. Therefore, the Board decided that a condition will be appended to the Shell licence requiring Shell to file with the Board, prior to construction, sufficient information about the environmental effects on areas of federal jurisdiction and the directly-related social effects of new identifiable upstream production and related facilities or activities for the Board to reach a finding under section 12 of the EARP Guidelines Order concerning the presence of any adverse environmental effects of the facility or activity.

The 6 February 1994 decisions of the Board in relation to the applications of Brooklyn Navy Yard Cogeneration Partners, L.P., ProGas Limited and Western Gas Marketing Limited were upheld, as originally approved by the Board.

The 6 February 1994 decision of the Board in relation to the Husky application was vacated and the application was held in abeyance pending the receipt of information from Husky sufficient for the Board to determine if there will be any new upstream facilities that will be constructed or activities that will be undertaken to meet the requirements of its export proposal. Should there be facilities or activities which are determined to be subject to assessment,

Husky will be required to provide sufficient information about the environmental effects on federal areas of jurisdiction and the directly-related social effects of those facilities or activities to enable the Board to reach a determination under section 12 of the EARP Guidelines Order.

The Board received the environmental information that it had requested from Husky for the Board to determine if there will be any new upstream facilities that will be constructed or activities that will be undertaken to meet the requirements of Husky's export proposal. The Board concluded that there is no necessary connection between new upstream facilities and activities and the proposal to export gas and has therefore decided that there is no need to expand the scope of the environmental assessment undertaken when the application was first considered. The Board, therefore, issued the licence applied for.

The Board also found that, in cases where a necessary connection and proximity exists between the export proposal and new identifiable upstream facilities or activities, the Board will require an applicant to file sufficient information about the environmental effects of the upstream facilities or activities on federal areas of jurisdiction and their directly related social effects to enable the Board to reach a determination under section 12 of the EARP Guidelines Order.

Other than the information required above, in all future cases the Board will require applicants to file evidence to enable the Board to decide the scope of its assessment of an export proposal under the EARP Guidelines Order, having regard to the Board's decisions in these applications. Applicants will do so by documenting the nature of the connection between the requirements of the export proposal and new, identifiable upstream facilities and activities.

(Refer to item 2 under *Appeals Pending* on page 15)

Review Under Consideration

2. *PanCanadian Petroleum Limited - Application for Review of the Board's Decision on the Niagara Gas Transmission Limited Facilities Application*

On 20 July 1994, PanCanadian filed an application for a review and variance of the Board's decision of 19 May 1994 with respect to an application by Niagara Gas (refer to item 5 under *Pipeline Matters, Matters Under Consideration* on page 7).

The application for review is made on two grounds. The first is that, since the issuance of the Niagara Gas decision, circumstances have changed sufficiently to warrant a review of the decision. The second is that the Board erred in law and jurisdiction by deciding the Niagara Gas application without a public hearing in spite of a request by PanCanadian that a public hearing be held.

On 16 August 1994, the Board requested comments from interested parties on the question of whether or not a prima facie case for review had been made. Interested parties have 30 days after receipt of the Board's 16 August letter to comment and PanCanadian has 10 days thereafter to reply to the comments received.

Appeals

Appeals Pending

1. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

2. *Rocky Mountain Ecosystem Coalition ("RMEC") - Application for Leave to Appeal the Board's Reasons for Decision GH-5-93*

(Refer to item 1 under *Recent Hearing Reports* on page 1 of issue No. 49 of the Regulatory Agenda dated June 1994 and

item 1 under *Reviews, Review Completed* on page 14.)

On 15 April 1994, RMEC filed an application in the Federal Court of Appeal for leave to appeal the Board's Reasons for Decision GH-5-93 issued on 15 March 1994. RMEC sought leave to appeal on the grounds that the Board erred in law and jurisdiction in ruling that it did not have the jurisdiction to hear evidence relating to the upstream environmental effects of the export applications, and further, in subsequently refusing therefore to consider the environmental effects in coming to its decision.

RMEC requested that the Court defer action on the application for leave to appeal until the Board has completed its review of the GH-5-93 Reasons for Decision.

On 9 August 1994, the Sierra Legal Defence Fund filed a Notice of Motion with the Federal Court of Appeal to amend the Leave to Appeal to include the GH-5-93 review decision as well as the subsequent decision to issue a gas export licence to Husky Oil Operations Ltd.

Amendments to Regulations

Amendments to the Board's regulations completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

On 6 May 1994, the Board issued a draft of the *Onshore Pipeline Regulations* for comment by interested persons.

The regulations specify the requirements for the protection of property and the environment and safety of the public and company employees in the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

The Board is conducting this consultation process to seek input from parties which have an interest in the design, construction, operation, maintenance and abandonment of onshore pipelines.

Parties wishing to comment were asked to do so by 6 July 1994, later extended to 22 July 1994. The Board is currently reviewing the comments received.

2. Offshore Pipeline Regulations

The *Offshore Pipeline Regulations* specify the requirement for the protection of property and the environment and the safety of the public and the company's employees in the design, construction, operation and abandonment of an offshore pipeline.

These will require further review with respect to amendments to the *Onshore Pipeline Regulations* and integration of frontier activities into the Board.

3. National Energy Board Part VI Regulations

The Regulations were revised taking into consideration the comments received and sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

(For more details on this matter, see Issue No.49 of the Regulatory Agenda dated 1 June 1994 under *Amendments to Regulations*, item 4 on page 15.)

4. Electricity Regulations

In October 1993, the Board issued draft Electricity Regulations for comment by interested persons. Interested persons had until 17 January 1994, to comment. Comments received are currently under review.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the *Part VI Regulations* and a parts of Schedule II of the draft *Rules of Practice and Procedure*.

5. Export and Import Reporting Regulations

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and the members of the public will be given 30 days to comment on them. The Governor in Council

will then be in a position to make the Regulations.

(For more details on this matter, see Issue No.49 of the Regulatory Agenda dated 1 June 1994 under *Amendments to Regulations*, item 6 on page 15.)

6. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act made in 1983, draft regulations were prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from that department, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

These regulations were not promulgated at the time because the government had started a broad review of its policy with respect to international power lines.

On 6 April 1994, the Board issued for public comment a revised draft of the Power Line Crossing Regulations which also implemented amendments to the NEB Act in 1990. Comments were due on 6 May 1994. No comments were received. The regulations have been sub-

mitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice the regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Then the regulations will be promulgated.

7. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have been Pre-published in Part I of the Canada Gazette

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - Amendments
Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments

Canada Oil and Gas Geophysical Regulations

Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Petroleum Installations Regulations

Newfoundland Offshore Petroleum Installations Regulations

Newfoundland Offshore Area Petroleum Diving Regulations - Amendments

Nova Scotia Offshore Certificate of Fitness Regulations

Newfoundland Offshore Certificate of Fitness Regulations

Nova Scotia Offshore Petroleum Drilling Regulations - Amendments

Newfoundland Offshore Petroleum Drilling Regulations - Amendments

Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)

Nova Scotia Offshore Area Petroleum Production and Conservation Regulations

Newfoundland Offshore Area Petroleum Production and Conservation Regulations

Nova Scotia Offshore Area Petroleum Geophysical Regulations

Newfoundland Offshore Area Petroleum Geophysical Regulations

Regulations being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations - Amendments

Canada Offshore Oil and Gas Drilling Regulations - Re-structuring

Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Spills and Debris Regulations

Newfoundland Offshore Area Petroleum Occupational Health and Safety Regulation

Nova Scotia Offshore Area Petroleum Occupational Health and Safety Regulation

Canada Offshore Oil and Gas Drilling Regulations - Re-structuring

Canada Oil and Gas Production and Conservation Regulations - Amendment

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Administrative Matters

Rules of Practice and Procedure

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for final publication in the *Canada Gazette*.

(For more details on this matter, see Issue No.49 of the Regulatory Agenda dated 1 June 1994 under *Amendments to Regulations* on page 16.)

Guidelines for Filing Requirements

The Board, as part of its changes to the *Rules of Practice and Procedure*, is removing the filing requirements from the rules and has decided to issue them separately as guidelines. This will allow greater flexibility to the Board to reflect policy and other changes in filing requirements. It also reflects recommendations made by the Minister's Advisory Panel on Regulatory Review (see *Advisory Panel on Regulatory Review* below) that guidelines be considered instead of regulations, while still achieving the desired objectives.

On 28 April 1994, the Board issued for comment by interested persons a draft version of the new *Guidelines for Filing Requirements*. Interested persons had until 29 July 1994 to comment on the proposed changes.

The filing requirements contained in the 1987 draft rules have been amended and updated to reflect current policy. As well, certain other filing requirements, previously contained in other documents have been included. Specifically, the filing requirement from the Early Public Notification Memorandum of Guidance, from the Guidelines for the Preparation

of Regional Socio-Economic Impact Assessments, for leave to open from the *Onshore Pipeline Regulations* and filing requirements for orders from the *Memorandum of Guidance for Short-term Gas Export Orders and Long-term Gas Export Licences* have been included.

The comments received are under review.

Electronic Regulatory Filing (ERF) Progress Report

At the request of some of its interested parties, the Board undertook a feasibility study of ERF during 1993. The study concluded that ERF was technically and economically feasible, and that it would expedite the Board's regulatory process while considerably enhancing its day-to-day responsiveness.

In July, Monenco-Agra completed a Cost-Benefit Analysis of ERF which indicated that implementation of ERF would result in significant benefits for the Board, its regulated companies and intervenors. The Board will be proceeding with the next phase which is public access to its Document System this fall, and an initial Hearing Phase in early 1995.

Electronic Bulletin Board

On 1 September 1994, the Board launched its Electronic Bulletin Board making certain key documents of the Board available to the public electronically.

A computer-based electronic bulletin board system will provide instant access to anyone across Canada and worldwide, through ordinary modem hookups. Bulletin board users can obtain news releases and related backgrounders, hearing orders, regulatory agendas and selected oil and gas statistics in electronic format. All information will be posted in both official languages.

There is no charge for access to selected NEB documents via the bulletin

board and the only cost to users is the normal phone company charge for connecting to the Calgary number: (403) 299-2751. The bulletin board is available around the clock, with the exception of specified hours for data loading or occasional system upgrades. A help line at 299-3919 will be operational from 9:30 a.m. to 10:30 a.m. (MT) during most business days. A user guide with instructions is available for reference. Users should set their communications software to:

- 300, 1200, 2400, 9600, 14 400 or 16 800 bps;
- full duplex;
- no parity;
- eight data bits; and
- one stop bit.

Official copies of bulletin board documents are still available at the NEB library in Calgary and the Natural Resources Canada library in Ottawa. News releases, as usual, will continue to be transmitted on Canada News Wire and mailed to interested parties.

Advisory Panel on Regulatory Review - Board Action

The following is a status report on the specific action being taken or contemplated by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review in October 1993.

RECOMMENDATION 1: *The Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consultation; the process should take cognizance of information formats consistent with industry practice; the need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".*

The internal review of these Guidelines has included a review and combining of the Guidelines listed below. On 28 April 1994, a draft of the Guidelines was issued for comment by interested persons. Comments were due on 29 July 1994 and are currently under review.

- (a) Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity
- (b) Guidelines for the Preparation of Regional Socio-Economic Impact Assessments of Gas or Oil Pipeline Projects (see Recommendation 2)
- (c) Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for an Order Fixing Tolls and Tariffs (see Recommendation 8)
- (d) Memorandum of Guidance Concerning Early Public Notification of Proposed Applications
- (e) Memorandum of Guidance on NEB Regulatory Procedures and Information Requirements for Applicants Filing for Short-term Gas Export Orders and Long-Term Gas Export Licences (see Recommendation 11)
- (f) Guidelines for Filing Requirements for Leave to Open

RECOMMENDATION 2: *The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.*

See Recommendation 1.

RECOMMENDATION 3: *Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing industry construction/operation and worker safety standards.*

On 6 April 1994, the Board issued for public comment a draft of the *Power Line Crossing Regulations*. Comments were due on 6 May 1994. No comments were received. The regulations have been submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice the regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Then the regulations will be promulgated.

RECOMMENDATION 4: *Draft NEB Electricity Regulations dealing with International Power Lines should not be Gazetted before a further round of consultations with the affected industries; a Memorandum of Guidance respecting these changes should be issued as quickly as possible; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.*

On 25 October 1993, the Board issued for public comment the Draft Regulations dealing with international power lines and with electricity exports (see Recommendation 12). Comments were due by mid-January 1994 and are currently under review.

On 7 July 1993, the Board issued a Memorandum of Guidance respecting changes to the processing procedures for international power lines and electricity

export applications. On 14 June 1994, the Board amended the 7 July Memorandum of Guidance (refer to item 2 under *Energy Commodity Matters, Electricity, Matters Completed* on page 4).

RECOMMENDATION 5: *Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.*

The clarification that the Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated in the Guidelines which are contained in Appendix IV to the 7 July 1993 Memorandum of Guidance, as amended on 14 June 1994 (refer to item 2 under *Energy Commodity Matters, Electricity, Matters Completed* on page 4).

No further action is required with respect to this Recommendation.

RECOMMENDATION 6: *Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.*

On 4 October 1993, the Board issued for comment to the Group I companies and other interested persons a paper outlining proposed modifications to the content and format of the Group I companies surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. On 16 February 1994, the Board issued a Memorandum of Guidance providing revised guidelines for the preparation of

surveillance reports. No amendments to the *Toll Information Regulations* were proposed.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period (refer to *Electronic Regulatory Filing* on page 18).

RECOMMENDATION 7: *The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.*

In April 1994, the Board announced that it would be conducting a public hearing concerning the cost of capital for the Group 1 pipeline companies under its jurisdiction (refer to item 3 under *Hearings Scheduled* on page 4).

On 23 August 1994, the Board issued revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (refer to item 1 under *Traffic and Toll Matters, Matter Completed* on page 23).

RECOMMENDATIONS 8: *Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.*

See Recommendation 1.

RECOMMENDATION 9: *Pipeline Arbitration Committee Procedure Rules should be retained without further review.*

The Board supported that recommendation and no action is required.

RECOMMENDATION 10: *NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.*

A liaison group has been established, consisting of a Board coordinator and representatives from provincial bodies responsible for pipeline crossings, to study pipeline crossing requirements and how they can be made consistent.

RECOMMENDATION 11: *Memorandum of Guidance on NEB Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.*

See Recommendation 1.

RECOMMENDATION 12: *Draft electricity regulations (re: electricity exports) should be issued as quickly as possible in order to advise the industry of changes to the Board's information filing requirements; a full consultation round will take place following the established process; a revised Memorandum of Guidance will be released outlining all the changes to the electricity export and international power lines applications.*

See Recommendation 4.

RECOMMENDATION 13: *The Pipeline Companies' Records Reservation Regulations should be revoked.*

The Regulations were revoked on 11 May 1993.

Speeches

"*The Future of Canadian - United States Gas Trade and Major Issues*" a presen-

tation by R. Priddle, Chairman, to the American Gas Association 17th Annual Legal Forum in Olympic Valley, California on 19 July 1997.

"*Conventional Crude Oil Resources of the Western Canadian Sedimentary Basin*" a paper presented by Brian Bowers, Senior Engineer, Crude Oil Supply, to the Petroleum Society of CIM in Calgary on 15 June 1994.

"*Role of the National Energy Board*" a presentation by J. Scott Richardson, Secretary, to the American Gas Association Financial and Administrative Section Library Services Committee Meeting in Calgary, Alberta on 16 August 1994.

Board Organization and Staff

Mr. Robin Glass, Executive Director, left the Board in August to take up his new duties as Assistant Deputy Minister, Policy, Strategic Planning and Consultation, Department of Fisheries and Oceans in Ottawa. Mr. Glass had been Executive Director for the Board since 8 September 1987.

Mr. Gaétan Caron, Director of Financial Regulation Branch, has been appointed Acting Executive Director. Mr. Caron has been with the Board since 1979. He became Director of Engineering in 1990 and Director of Financial Regulation in 1991.

Mr. Peter Miles also left the Board in August to take up his new duties as Executive Advisor to the Canadian Energy Research Institute in Calgary. Mr. Miles worked for the Board for 12 years, first as Director of the Economics Branch and from (date) until August of this year he was Director General, Energy Regulation.

Mr. Glenn Yungblut retired from the Board in August. Mr. Yungblut worked for the Board since 1991 as Director General of the Engineering Directorate.

Mr. Alexander N. Karas also retired from the Board in August. Mr. Karas had

been working for the Board since 1967 and held various positions in the Electric Power Branch until he was appointed to the position of Director in 1985, position which he held until his retirement.

Ms. Claire Scott, Director of Corporate Planning and Review Branch, left the Board in March to take up her new duties as Director General of Services and Performance Measurement Directorate at the National Parole Board in Ottawa. Mrs. Scott worked for the Board since November 1987.

Ms. Brenda Kenny, Engineer, has been appointed as Project Manager for the Electronic Regulatory Filing system for a one year period commencing 1 July 1994.

On 15 July 1994, the Electric Power Branch and the Gas and Oil Branch were merged to form a new Energy Commodities Branch. The Branch is under the direction of Mr. Raymond Choy, previously Director of the Gas and Oil Branch. This new organization consolidates the Board's staff activities for export and import regulation and market analysis, including various aspects of supply and demand, for gas, oil and electric power; international power line certificates and pipeline access.

Reports and Documents Issued - 1 June to 31 August 1994

Reasons for Decision

Review of the GH-5-93 Reasons for Decision regarding various natural gas

export applications - June 1994

Letter decision dated 11 July 1994 - Husky Oil Operations Ltd. - Natural Gas Export and Environmental Screening - GH-5-93

TransCanada PipeLines Limited - 1994 Tolls - RH-4-93 - June 1994

Reports

Review of Inter-Utility Trade in Electricity and Review of Inter-Utility Trade in Electricity - January 1994

Review of Inter-Utility Trade in Electricity and Review of Inter-Utility Trade in Electricity - Analyses of Submissions - January 1994

Response to Transportation Safety Board Recommendations in Report No. P91H0109 - NEB Report R94-1 June 1994

Canadian Energy Supply and Demand 1993-2010, Trends and Issues - July 1994

Documentation Audit Reports for Cochin Pipe Line Limited, Novacor Chemicals (Canada) Ltd. and Interprovincial Pipe Line Inc. - 25 August 1994

Documents

Possible changes to the Secondary Market for Natural Gas Transportation Services - 5 July 1994 - For comments Section 58 Streamlining Initiative - Regulatory Directions - 6 July 1994
Revised Guidelines for Negotiated Settlement of Traffic, Tolls and Tariffs - 23 August 1994

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

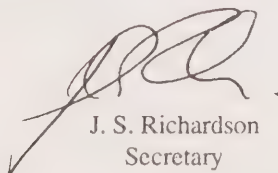
A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-to, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental Matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office(403) 292-4800
Denis Tremblay Communications Officer(403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	10
Pipeline	35	(iv) Tolls	
Power Line	30	Class I and II Adjustments	20
(ii) Export licences		Interim Orders	20
Natural Gas	35	Operating and Maintenance Budgets	20
Electricity	30	Changes in Depreciation Rates	20
(iii) Tolls	35	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	10	New or Changed Tariffs	20
		Domestic Gas Sales Contracts and Amendments	20
		Amendments to Tariff Orders	20
(b) Non-Hearing Matters		(v) Pipelines and Power Lines	
(i) Natural Gas		Exemption Orders Power Lines	15
Export Orders	05	Exemption Orders Pipelines (Sec. 58)	20
Orders for Transmission Access	20	Certificate Amendments	20
Licence Amendments	20	Certificate Revocations	20
Amendments to Export Contracts	20	Leave to Sell or Transfer	20
Licence Revocations	20	Incident Reports	20
(ii) Electricity Exports		(vi) Other	
Permits	15	Application for Review	20
Licence or Permit Amendments	15		
Licence or Permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403)292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers (Area Code 403)

General Information	292-4800	Manager,		
Incident Reporting Number	1-800-632-1663	Network Management	Monique Girard	299-3604
	1-800-NEB-1-ONE			
Bulletin Board System	299-2751	Personnel Branch		
Bulletin Board System Helpline				
(9:30 a.m. to 10:30 a.m.)	299-3919	Director	Jim Thompson	299-3694
		Secretary	Sylvie Joanisse	299-3695

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Jean-Guy Fredette	299-2740
Secretary	Lillian Handelman	299-2741
Member	Anita Côté-Verhaaf	299-2739
Secretary	Lillian Handelman	299-2741
Member	Céline Bélanger	299-2737
Secretary	Francine Poudrette	299-2748
Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728
Member	Kenneth W. Vollman	299-2730
Secretary	Francine Poudrette	299-2748
Member	Robert Andrew	299-2736
Secretary	Mona Butler	299-2728

OFFICE OF THE SECRETARY

Secretary	Scott Richardson	299-2711
Admin. Coordinator	Rita Bargetzi	299-2715
Secretary	Marie-Anne Cheng	299-2712
A/Asst. Secretary, Regulatory	Michel Mantha	299-2714
A/Asst. Secretary, Communications	Vacant	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561

ECONOMICS BRANCH

EXECUTIVE DIRECTOR

		Director	John Hayward	299-3621
		Secretary	Carmen Maier	299-3622
A/Executive Director	Gaétan Caron	299-2700		
Admin. Coordinator	Wilma Philp	299-2701		
		Manager, Regulatory Economic Division	Glenn Booth	299-3621
Finance, Administration and Information Technology Branch		Chief, Economic and Energy Analysis Division	Bob Modray	299-3157

ENERGY RESOURCES BRANCH

Director	Jim Klotz	299-3684	ENERGY RESOURCES BRANCH		
Secretary	Judy Kelso	299-3692	Director	Graham Campbell	299-3102
Manager, User Services			Secretary	Pat Cormier	299-3103
(Information Technology)	Don Emmens	299-3602	Admin. Coordinator	Janet Soucy	299-3517
Secretary	Nelda Ginn	299-3603	<i>Crude Oil, NGL and Coal Supply Division</i>		
Project Manager, Electronic					
Regulatory Filing	Brenda Kenny	299-3565	Manager	Gerrit Hos	299-3120

Natural Gas Supply Division

Manager	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Manager	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

Manager	Bruce Young	299-3147
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Frontier Resources

Manager	Giles Morrell	299-3117
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ENGINEERING BRANCH

Director	John McCarthy	299-2766
Secretary	Eileen McLeod	299-2758
Admin. Coordinator	Cecilia Cupido	299-2752

Development Engineering and Group II Pipelines

Manager	Terry Baker	299-2792
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Safety Audit

Manager	Franci Jeglic	299-2774
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Accident Investigation

Manager	Jake Abes	299-2777
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Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta Natural Gas and Cochin

A/Manager	Brian Fowler	299-2782
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Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans Mountain and Trans-Northern

A/Manager	Paul Trudel	299-2768
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Regulatory Development and Safety Studies

A/Manager	Robert Power	299-2769
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ENVIRONMENT BRANCH

Director	Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalfe	299-3676

Biological Environment Division

Manager	Jim McComiskey	299-3677
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Physical Environment Division

Manager	Oleh Mycyk	299-3678
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Operations Emergency Response and Financial Liability Division

Manager	Jim Anderson	299-3682
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Socio-Economics and Lands

Manager	John Stewart	299-3902
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Environmental Studies Research Funds

Manager	Brian Nesbitt	299-3679
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FINANCIAL REGULATION BRANCH

A/Director	Albert Fung	299-3646
Secretary	Bette Schock	299-3648

Interprovincial Pipe Lines, Trans-Northern Pipelines, Alberta Natural Gas, Foothills Pipe Lines

Manager	Robert Tarvydas	299-3706
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Westcoast Energy Inc., Trans Mountain Pipe Line and Cochin Pipe Lines

A/Manager	Barry Branston	299-3650
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TransCanada PipeLines, Gazoduc T.Q.M. and Interprovincial (NW)

Manager	Steve Brown	299-3653
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ENERGY COMMODITIES BRANCH

Director	Raymond Choy	299-3189
Secretary	Linda Byers	299-3185

Special Advisor, Electric Power

	Alec Penman	299-3180
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Gas Market Analysis and Export Surveillance

LAW BRANCH

Manager	Sandra McDonough	299-3186	General Counsel and Director	Judith Snider	299-2703
<i>Gas Export</i>			Secretary	Maureen Cooley	299-2704
Manager	Cliff Brown	299-3190	Counsel	Margery Fowke	299-2708
<i>Transportation and Oil Exports</i>			Counsel	Irene Gendron	299-2709
			Counsel	Christine Beauchemin	292-6489
			Secretary	Elizabeth Arden	292-6540
Manager	Hans Pols	299-3195			
<i>Electric Power</i>			Counsel	Peter Noonan	299-3552
			Counsel	Lori Ann Boychuk	299-2707
			Counsel	Judith Hanebury	292-6497
Manager	Ivan Harvie	299-3165	Counsel	Boris de Jonge	292-6495
			Secretary	Susan Gudgeon	299-3551

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments to the NEB Act have been passed formally transferring certain frontier oil and gas regulatory functions to the National Energy Board. As a result, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act now encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

Head Office:

National Energy Board
311 - Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

the international border near Wild Horse, Alberta of 20.89 million cubic metres (737.5 million cubic feet) per day to serve markets in the United States and northern Mexico. The targeted in-service date is 1 November 1996.

The applied-for facilities, which are estimated to cost nearly \$139 million, consist of 215.5 kilometres (133.9 miles) of 914 millimetre (36 inch) diameter pipeline between Princess, Alberta and the Alberta/Montana border near Wild Horse and a meter station near Wild Horse. The pipeline would interconnect upstream with the facilities of NOVA Gas Transmission Ltd. and downstream with the proposed Altamont Gas Transmission Company pipeline system.

The Reasons for Decision are expected to be released in January 1995.

2. *Multi-Pipeline Cost of Capital Hearing - RH-2-94*

The Board held a public hearing from 24 October to 20 December 1994 in Calgary on the cost of capital for Group 1 pipeline companies under its jurisdiction. The hearing was held to decide the cost of capital (rate of return on common equity and capital structure) for 1995 and future years. It is the Board's intention to set the cost of capital for multi-year periods with provision for an adjustment mechanism to the rate of return on common equity component for the intervening years.

Hearings Scheduled

1. *TransCanada PipeLines Limited - 1995 Tolls - RH-3-94*

The Board will hold a public hearing commencing on 9 January 1995 on an application by TransCanada for approval of new tolls the company may charge, effective 1 January 1995, for the transportation of natural gas to markets in Canada and the United States.

The tolls requested by TransCanada for the Eastern Zone average 6.9 percent more than the tolls approved for 1994.

TransCanada's application includes a 10.3 percent increase in its gross revenue requirement to \$1.81 billion from the approved gross revenue requirement for 1994 of \$1.64 billion.

The company's capital structure and rate of return on common equity are being examined in the Multi-Pipeline Cost of Capital hearing being held by the Board, which commenced 24 October 1994 (refer to item 2 under *Hearing Decisions Pending* on page 2). The applied-for revenue requirements are based on a rate of return of 13.00 percent on a common equity ratio of 30 percent. This compares to a rate of return of 11.25 percent on a common equity ratio of 30 percent that the Board approved for TransCanada for 1994.

On 16 December, the company filed a settlement it had reached with a group of its shippers in a joint industry task force. The group settled on the amount to be included for operations and maintenance expense, agreed not to oppose amounts shown in the 24 November application update for all other cost of service and rate base, did not oppose volumes reflected in the same update and agreed to the continuation of all deferral accounts TCPL was seeking.

2. *Westcoast Energy Inc. - Fort St. John Expansion - GH-5-94 and Grizzly Valley Expansion - GH-6-94*

The Board will hold a public hearing commencing on 6 February 1995 in Fort St. John on an application from Westcoast to expand its Fort St. John transmission system and to construct a new gas treatment plant. That hearing will be immediately followed by a public hearing on the company's Grizzly Valley Expansion Project.

The Board held a pre-hearing conference on 5 January 1995 in Calgary to allow parties to comment on submissions made by BC Gas Utility Ltd. and the Government of British Columbia in letters dated 22 December and 27 December 1994, respectively, asking

that the hearing, originally scheduled for 23 January, be postponed.

The Fort St. John Expansion Project application includes the new Aitken Creek Plant, installation of three compressor units, expansion of the Fort St. John Raw Gas Transmission System and a request for a rolled-in toll for services provided by the proposed facilities. The company estimates the total cost of the new facilities to be \$397.4 million, with a proposed in-service date of April 1996.

In its Grizzly Valley Expansion application, Westcoast proposes construction and operation of a natural gas processing plant, a sulphur recovery plant and a compressor station near Tumbler Ridge, British Columbia. The Tumbler Ridge Gas Plant would be capable of processing 11.3 million cubic metres (400 million cubic feet) of raw gas per day.

In addition to the gas and associated sulphur processing plants, Westcoast proposes to expand the capacity of its Grizzly Valley raw gas transmission system and to construct and operate the Tumbler Ridge mainline, a transmission pipeline to transport residue gas processed at the Tumbler Ridge Gas Plant to the discharge side of Westcoast's Compressor Station No. 2 near Chetwynd, British Columbia. Westcoast estimates the Grizzly Valley Expansion Project will cost \$672.6 million with a proposed in-service date of November 1996.

3. *Westcoast Energy Inc. - 1995 Tolls - RH-5-94*

The Board will hold a public hearing commencing on 13 March 1995 in Vancouver on an application by Westcoast Energy Inc. for tolls the company may charge on its natural gas transmission system, effective 1 January 1995.

Westcoast is requesting a seven percent increase in tolls from those charged in 1994. The company, in estimating its 1995 cost of service, has used a rate of return on common equity of 12.75 percent. The capital

structure utilized in the application includes a common equity component of 35 percent, which is unchanged from 1994. These two issues are being examined in the Multi-Pipeline Cost of Capital hearing being held by the Board, which commenced 24 October 1994 (refer to item 2 under *Hearing Decisions Pending* on page 2).

4. *Interprovincial Pipe Line Inc. - 1995 Tolls - RH-4-94*

The Board has postponed the announcement of a hearing on an application by Interprovincial Pipe Line Inc. of Edmonton for approval of new tolls the company may charge, effective 1 January 1995. A hearing had originally been set for 6 February 1995, but the date will be rescheduled and announced in early 1995.

Interprovincial is requesting a nine percent increase in tolls for the shipment of light crude oil from Edmonton to Sarnia, over those approved for 1994. The company is also requesting a net revenue requirement of approximately \$374.9 million. The company has based its proposed 1995 tolls on the currently approved rate of return on equity of 11.5 percent and deemed capital structure of 45 percent common equity. These two

issues are being examined in the Multi-Pipeline Cost of Capital hearing being held by the Board, which commenced 24 October 1994 (refer to item 2 under *Hearing Decisions Pending* on page 2).

Matters Considered by Written Submission

Matter Completed

1. *Novagas Clearinghouse Ltd., as agent for Novagas Clearinghouse Pipelines Ltd. (formerly 3025811 Canada Ltd.) - Facilities Application - GHW-1-94*

Reasons for Decision dated December 1994; issued on 16 December 1994.

The Board approved the construction of approximately 56 kilometres (34.7 miles) of 323.9 millimetre (12.75 inch) diameter pipeline, complete with a metering facility extending from the Home Oil Company Limited (Home) Kahntah field in northeastern British Columbia to connect to a NOVA Gas Transmission Ltd. metering facility in Alberta. The proposed facilities, known as the Kahntah Pipeline Project, will enable natural gas produced and processed by Home from the new and currently unconnected Kahntah field, to be delivered to market. Novagas estimates the capital cost of the project to be \$13.6 million.

The Board held a public hearing, conducted in writing, on the application. The required Governor in Council approval was subsequently obtained.

Decision Pending

2. *Trans Québec & Maritimes Pipeline Inc. - 1995 Tolls - RHW-1-94*

The Board is conducting a public hearing by way of written submission on an application by TQM for tolls to be charged by the company on its natural gas transmission system, effective 1 January 1995.

The tolls requested by TQM are 5.2 per cent less than those authorized by the Board for 1994. TQM's proposed 1995 tolls have been calculated on the basis of a rate of return of 12.75 per cent and a common equity ratio of 35 per cent.

On 22 December 1994, the Board approved TQM's request for interim tolls, effective 1 January 1995, pending the outcome of the RH-2-94 Multi-Pipeline Cost of Capital proceeding (see Item 2 under *Hearing Decisions Pending* on page 2).

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. They include applications for orders to authorize minor additions to pipeline systems, to amend export licences, orders, or certificates, or to authorize toll and tariff changes.

Since the 1 September 1994 issue of the *Regulatory Agenda*, the following matters have been or are being considered by the Board.

Energy Commodity Matters

Gas

Matters Completed

1. *Husky Oil Operations Ltd. - Contract Amendment - Natural Gas Export Licence GL-247*

On 13 October 1994, the Board approved an application dated 18 August 1994 from Husky for approval of a Letter Agreement dated 30 June 1994 amending the Natural Gas Purchase Agreement dated 1 June 1993 between Husky, Tenaska Washington Partners, L.P. and Tenaska Gas Company underpinning exports under Licence GL-247.

2. *Mobil Oil Canada - Contract Amendment - Natural Gas Purchase Agreement - GL-145*

On 30 September 1994, the Board approved an application dated 19 September 1994 from Mobil for approval of a Letter Agreement dated 31 August 1994 amending the Natural Gas Purchase Agreement dated 1 November 1990 between Mobil and Cascade Natural Gas Corporation underpinning exports under Licence GL-145.

3. *Western Gas Marketing Limited - Contract Amendments - GL-84, GL-170, GL-171 and GL-200*

On 1 November 1994, the Board approved an application dated 8 August 1994 from WGML for approval of Letter Agreements dated 19 April 1993 and 31 January 1994 amending the Gas Sales and Purchase Contracts between

WGML and each of Northern Minnesota Utilities and LG&E-Westmoreland Rensselaer underpinning exports under Licences GL-171 and GL-200.

Matter Under Consideration

4. *Selkirk Cogen Partners, L.P. - Contract Amendment - Natural Gas Export Licence GL-157*

On 3 March 1994, Selkirk applied for approval of an Amended and Restated Gas Purchase Contract dated 26 September 1993 underpinning exports under natural gas export Licence GL-157.

On 29 April and 18 May 1994, the Board sent letters to Selkirk requesting additional information. Selkirk responded on 21 July 1994 to the Board's first information request and indicated that further filings would be made. These have not yet been received by the Board.

Electricity

Matters Completed

1. *Edmonton Power Authority - Electricity Export Permit Application*

On 30 September 1994, the Board approved Edmonton Power's application for two permits to export electricity. Permit EPE-63 authorizes the company to export up to 115 megawatts of short-term firm power and 1 000 gigawatt hours of associated energy in any consecutive 12-month period. Permit EPE-62 allows Edmonton Power to export up to 3 000 gigawatt hours of interruptible energy in any consecutive 12-month period, less any exports under EPE-63. The permits are effective from 29 September 1994 to 31 December 1999.

2. *Hydro-Québec - Electricity Export Permit Application*

Reasons for Decision dated December 1994; issued on 7 December 1994

On 7 December 1994, the Board approved two 16-year electricity export permits for a period commencing 1 December 1994

and ending 31 December 2010. The authorizations will allow Hydro-Québec to export up to 4 300 megawatts of power. Permit EPE-64 authorizes interruptible exports up to 30 000 gigawatt hours annually less energy exported under EPE-65. Permit EPE-65 authorizes firm exports of up to 20 000 gigawatt hours annually less the energy exported under other permits except EPE-64. These permits allow the company to sign short-term export contracts for a maximum duration of 5 years to any customer, without having to obtain prior approval of the Board. The permits were conditioned to ensure fair market access to prospective Canadian buyers.

On 24 May 1994, Hydro-Québec applied for a 30-year permit for the export of up to 4 825 megawatts and 30 terawatts, annually, of firm and interruptible electricity with blanket approval for short-term contracts with a maximum duration of 5 years. The matter was dealt with by way of a written proceeding.

3. *West Kootenay Power Ltd. - Electricity Export Permit Application*

On 9 December 1994, the Board approved West Kootenay's application for two electricity export permits. EPE-66 is for the export of up to 100 gigawatt hours of interruptible energy in any consecutive 12-month period, less exports under EPE-67. Permit EPE-67 is for the export of up to 100 gigawatt hours of firm equichange energy in any consecutive 12-month period. The permits are effective for a period of five years, commencing 9 December 1994 and ending 30 September 1999.

Matters Under Consideration

4. *Ontario Hydro - Application to Vary Permit EPE-21*

On 21 October 1994, Ontario Hydro applied to the Board for approval to vary electricity export limits set-out in Permit EPE-21 from 15 000 gigawatt hours to a maximum of 25 000 gigawatt hours of firm and interruptible energy and to

remove the current limitation of 10 000 gigawatt hours generated from fossil fuel sources.

On 21 November 1994, the Board directed Ontario Hydro to publish a notice of its application in Part I of the *Canada Gazette*.

5. *Manitoba Hydro - Electricity Export Permit Application*

On 9 December 1994, Manitoba Hydro applied to the Board for a permit to export up to 50 megawatts of participation power to Otter Tail Power Company for a period beginning 1 May 1997 and ending 30 April 2005. The energy associated with the 50 megawatt capacity may be limited to 40 percent monthly capacity factor. Energy greater than 40 percent monthly capacity factor may be available for sale at Manitoba Hydro's discretion.

Pipeline Matters

Matters Completed

1. *Centra Transmission Holdings Inc. - Application to Construct Facilities and Sell Other Facilities*

On 4 November 1994, the Board approved an application dated 11 July 1994 from Centra Transmission for approval to construct certain metering facilities and transfer ownership of four sales meter stations, six town border stations and related equipment to Centra Gas Ontario Inc.

2. *Many Islands Pipe Lines (Canada) Limited - Husky - Marwayne Pipeline*

On 31 October 1994, the Board approved an application dated 22 August 1994 from Many Islands for approval to construct a 15 kilometre pipeline commencing at a point six metres inside Alberta along the Alberta/Saskatchewan border and running 15 kilometres to the southeast in Saskatchewan. The estimated cost of the project is \$1.8 million. The company's application stated that in conjunction with the applied-for pipeline, Husky Oil Operations Ltd. recently constructed a six kilometre long

natural gas pipeline in Alberta, from a Husky compressor station to the point of connection with the applied-for pipeline.

The Board also considered whether the Many Islands application presented a jurisdictional issue. The majority of the Board decided to request that Husky Oil Operations Ltd. make an appropriate application under the *National Energy Board Act* in respect of the upstream connecting pipeline (to but not including the compressor station at the upstream end of that pipeline) or to show just cause why the Act is not applicable to that pipeline

3. *Morgan Hydrocarbons Inc. - Pipeline Facilities*

On 13 October 1994, the Board approved an application dated 15 August 1994 from Morgan Hydrocarbons for approval to construct a 4.3 kilometre-long (9 miles) pipeline, known as the "Greenstreet Pipeline", across the Alberta/Saskatchewan border approximately 30 kilometres north of Lloydminster, Alberta. The estimated cost of the pipeline is \$350 000.

4. *Trans Quebec & Maritimes Pipeline Inc. - Pipeline Facilities*

On 4 November 1994, the Board approved an application dated 28 June 1994 from TQM for approval to construct a pipeline which will cross the St. Lawrence River to the South Shore of Quebec. The Board approved the construction of 13.5 kilometres (8.4 miles) of 406 millimetre (16 inch) diameter pipeline from main line valve AV-25 of the TQM system at Saint-Augustin-de-Desmaures, Quebec to a new meter station located south of the Jean-Lesage Autoroute (Highway # 20) at Bernières, on the South Shore of the St. Lawrence River near Quebec City. Construction will also include an underground river-crossing by tunnel of the St. Lawrence River, of approximately 3.5 kilometres. The estimated cost of the proposed facilities is \$27.3 million.

The Board also approved the addition of the Bernières delivery point to the Eastern Zone of TransCanada PipeLines Limited and decided to consider the appropriate tariff and tolling treatment for the transportation service for storage gas withdrawn from Saint-Flavien in the context of TQM Pipeline's 1996 tolls application.

5. *Westcoast Energy Inc. - Pipeline Facilities - Milligan-Peejay Loop*

On 20 October 1994, the Board approved an application dated 20 July 1994 from Westcoast for approval to construct the Milligan-Peejay Loop Pipeline which would consist of 31.9 kilometres (19.9 miles) of 273.1 millimetre (10.75 inch) of line pipe. The pipeline loop will be located in the Milligan-Peejay Gathering area, within the Peace River District in British Columbia. The estimated cost of the project is \$11.5 million.

6. *Westcoast Energy Inc. - Pipeline Facilities - Wolf Pipeline*

On 15 September 1994, the Board approved an application dated 1 June 1994 from Westcoast for approval to construct the Wolf Pipeline which would consist of 33.7 kilometres (20.9 miles) of 406.4 millimetre (16 inch) of line pipe. The pipeline will start at the junction of the Milligan-Peejay pipeline and proceed southwesterly to the Oak Rigel pipeline in the Peace River District in British Columbia. The estimated cost of the project is \$15.6 million.

7. *Section 58 Pipeline Applications*

The Board has approved or is considering several applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. These matters may be considered by the Board without a public hearing.

Gas Pipelines

Centra Transmission Holdings Inc.
Application dated 11 July 1994
Approved on 4 November 1994
Estimated Cost: \$46 400
Order Number: XG-C293-64-94

Husky Oil Operations Ltd.
Application dated 18 November 1994
Approved 8 December 1994
Estimated Cost: \$386 800
Order Number: XG-H12-77-94

Gazoduc Trans Québec & Maritimes Inc.
Application dated 28 June 1994
Approved on 4 November 1994
Estimated Cost: \$27 301 400
Order Number: XG-T28-67-94

Many Islands Pipe Lines (Canada) Limited
Application dated 22 August 1994
Approved on 31 October 1994
Estimated Cost: \$1 800 000
Order Number: XG-M29-60-94

Morgan Hydrocarbons
Application dated 15 August 1994
Approved 13 October 1994
Estimated Cost: \$350 000
Order Number: XG-M95-59-94

Niagara Gas Transmission Company Limited
Application dated 19 October 1994
Approved 8 November 1994
Estimated Cost: \$5 500
Order Number: XG-N6-68-94

Niagara Gas Transmission Company Limited
Application dated 26 July 1994
Approved 8 November 1994
Estimated Cost: \$65 000
Order Number: XG-N6-47-94

TransCanada PipeLines Limited
Application dated 19 August 1994
Approved on 17 November 1994
Estimated Cost: \$14 700 000
Order Number: XG-T1-65-94

TransCanada PipeLines Limited
Application dated 11 October 1994
Approved on 10 November 1994
Estimated Cost: \$18 361 000
Order Number: XG-T1-66-94

TransCanada PipeLines Limited
Application dated 21 November 1994
Approved on 16 December 1994
Estimated Cost: \$16 692 000
Order Number: XG-T1-76-94

Westcoast Energy Inc.
Applications dated 21 March 1994
Approved on 1 September 1994
Estimated Cost: \$71 900 000
Order Number: XG-W5-51-94

Westcoast Energy Inc.
Application dated 1 June 1994
Approved on 15 September 1994
Estimated Cost: \$15 600 000
Order Number: XG-W5-54-94.

Westcoast Energy Inc.
Application dated 2 August 1994
Approved 30 September 1994
Estimated Cost: \$5 243 000
Order Number: XG-W5-57-94

Westcoast Energy Inc.
Application dated 27 June 1994
Approved 22 September 1994, 16 December 1994
Estimated Cost: \$4 300 000
Order Numbers: XG-W5-55-94, AO-1-XG-W5-27-94, AO-1-WG-W5-25-94, AO-1-XG-W5-9-93, XG-W5-79-94, XG-W5-74-94, AO-8-XGM-26-90, AO-3-XG-22-92, AO-2-XG-W5-9-93, AO-1-XG-W5-15-94, AO-1-XG-W5-25-94 and AO-1-XG-W5-27-99

Westcoast Energy Inc.
Application dated 20 July 1994
Approved on 20 October 1994
Estimated Cost: \$11 500 000
Order Number: XG-W5-63-94

Westcoast Energy Inc.
Application dated 6 September 1994
Approved 22 September 1994
Estimated Cost: \$2 600 000
Order Number: XG-W5-56-94

Westcoast Energy Inc.
Application dated 7 October 1994
Approved 31 October 1994
Estimated Cost: \$45 722 000
Order Numbers: XG-W5-69-94, AO-1-XG-W5-15-94, AO-2-XG-W5-25-94

Westcoast Energy Inc.
Applicated dated 21 October 1994
Approved 16 December 1994
Estimated Cost: \$16 800 000
Order Number: XG-W5-78-94

Westcoast Energy Inc.
Application dated 2 November 1994
Approved 22 December 1994
Estimated Cost: \$24 605 000
Order Number: XG-W5-81-94

Westcoast Energy Inc.
Application dated 8 November 1994
Approved 1 December 1994
Estimated Cost: \$200 000
Order Number: XG-W5-75-94

Westcoast Energy Inc.
Application dated 1 December 1994
Approved 22 December 1994
Estimated Cost: \$1 100 000
Order Numbers: XG-W5-80-94 and AO-2-XG-W5-15-94

Oil Pipelines

Amoco Canada Petroleum Company Ltd. on behalf of Dome NGL Pipeline Ltd.
Application dated 28 July 1994
Approved on 10 November 1994
Order Number: XO-D56-38-94

Cochin Pipe Lines Ltd.
Application dated 15 September 1994
Approved 16 November 1994
Estimated Cost: \$12 000 000
Order Number: XO-C18-42-94

Interprovincial Pipe Line Inc.
Application dated 10 June 1994
Approved 27 October 1994
Estimated Cost: \$1 260 000
Order Number: XO-J1-28-94

Interprovincial Pipe Line Inc.
Application dated 16 September 1994
Approved 22 December 1994
Estimated Cost: \$16 723 800
Order Number: XO-J1-40-94

Interprovincial Pipe Line (NW) Ltd.
Application dated 16 September 1994
Approved 16 December 1994
Estimated Cost: \$2 581 500
Order Number: XO-J34-37-94

Interprovincial Pipe Line Inc.
Application dated 19 September 1994
Approved 16 December 1994
Estimated Cost: \$62 800 000
Order Number: XO-J1-43-94

Sun Pipe Line Company Ltd.
Application dated 3 October 1994
Approved 7 November 1994
Estimated Cost: \$12 000
Order Number: XO-S9-35-94

Trans Mountain Pipe Line Company
Application dated 16 September 1994
Approved 16 December 1994
Estimated Cost: \$9 542 000
Status: XO-T4-41-94

Trans Mountain Pipe Line Company
Application dated 28 September 1994
Approved 5 October 1994
Estimated Cost: \$119 800
Order Number: XO-T4-34-94

Westspur Pipe Line Company Inc.
Application dated 18 July 1994
Approved: 22 September 1994
Estimated Cost: \$1 539 000
Order Number: XO-W2-32-94

Matter Completed

8. *Niagara Gas Transmission Limited - Jurisdiction Question*

(Refer to item 1 under *Reviews, Review Completed* on page 13).

On 19 May 1994, the Board issued an Order under Section 58 of the NEB Act for construction of approximately 10.5 kilometres (6.5 miles) of pipeline from an interconnection with the existing Consumers' Gas Company Ltd. Ottawa pipeline system in the City of Gloucester, Ontario, to a point of interconnection with a proposed new pipeline in the Gazifère Inc. distribution system in Gatineau, Quebec. The estimated cost of the new facilities is \$11.2 million.

The Board noted that certain upstream facilities, once connected to the Niagara Gas line, could potentially be subject to federal jurisdiction and regulation by the Board. Therefore, the Board decided to consider the question of its jurisdiction over these upstream facilities owned by The Consumers' Gas Company Ltd. through written submissions. Consumers' Gas Company Ltd., TransGas limited and

the Province of Ontario filed written submissions with the Board. In a letter to the applicant and interested parties dated 16 December 1994, the Board conveyed its decision to defer consideration of the jurisdiction issue until such time as the proposed project is to proceed.

Matters Under Consideration

9. *PanCanadian Petroleum Limited - Pipeline Facilities*

On 26 November 1993, PanCanadian applied for approval to construct approximately 14.5 kilometres (9 miles) of pipeline from an interconnection with TransCanada PipeLines Limited's Ottawa sales gate meter station in the City of Gloucester, Ontario and then under the Ottawa River to the Canadian Pacific Forest Products Limited newsprint mill in Gatineau, Quebec. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site. The estimated cost of the facilities is \$8.4 million.

On 20 January, 3 and 24 February, the Board sent letters to PanCanadian requesting additional information.

On 19 May 1994, the Board sent a letter to PanCanadian requesting additional information and advising that the Board did not intend to proceed further with the application until it receives a clear indication of the intention of Hydro-Québec to purchase, at a time certain, the power produced by the proposed Gatineau cogeneration facility.

On 15 June 1994, PanCanadian informed the Board that Hydro-Québec will not decide the future of the Gatineau cogeneration project before 15 November 1994 and asked the Board to proceed with the processing of the PanCanadian application.

On 29 July 1994, the Board sent a letter to PanCanadian advising it that the Board was prepared to reconsider its decision conveyed in its letter of 19 May 1994.

The Board further advised PanCanadian that once the outstanding information requested in the Board's letter of 19 May 1994 is provided, the Board will examine it and advise PanCanadian on the status of its application and provide further direction on procedure.

10. *Yukon Pipelines Limited - Discontinuance of Operation*

On 11 October 1994, Yukon Pipeline indicated to the Board that the operation of the products line from Skagway, Alaska to Whitehorse, Yukon Territory and the upper tank farm in Whitehorse has been discontinued. Yukon Pipelines owns and operates the 144.5 kilometre (86.7 miles) Canadian section of the 177.0 kilometre (106.2 miles) pipeline.

On 4 November 1994, the Board sent a letter to Yukon Pipeline directing the company to make the appropriate application and provide the appropriate information in support of any application for abandonment or deactivation of the pipeline and the tank farm.

Traffic and Toll Matters

Matters Completed

1. *Retention of Accounting Records by Group 1 Companies*

On 30 November 1994, the Board issued a Memorandum of Guidance regarding the retention of accounting records by Group 1 companies pursuant to the *Gas and Oil Pipeline Uniform Accounting Regulations*. The Board was of the view that the existing records retention requirements may impose an undue burden on pipeline companies. The Board considered it appropriate to extend to Group 1 companies the opportunity to dispose of certain accounting records upon application.

2. *Financial Regulatory Audit Policy*

On 1 December 1994, the Board issued a revised Financial Regulatory Audit Policy.

In October 1989, the Board sent a letter to all Group 1 companies and eight Group 2 companies which set out, for their information and guidance, the Audit Terms of Reference, the Regulatory Audit Objectives and the Guidelines on Audit Confidentiality.

Since then the manner in which toll and tariff regulation is being carried out has evolved. The Board considered it appropriate to update its audit policy by codifying the Board's current audit practices and procedures.

3. *TransCanada PipeLines Limited - Fuel Imbalances*

On 10 November 1994, the Board approved an application from TransCanada for revisions to its General Terms and Conditions to allow changes in procedures for recording fuel imbalances. The changes incorporated the Board's 28 July 1994 decision approving the calculation of fuel imbalances in energy units effective 1 August 1994 but disallowing the company's proposal to recover historical imbalances from shippers.

4. *Trans Mountain Pipe Line Company Ltd. - Revised 1994 Tolls*

On 10 November 1994, the Board approved an application dated 15 July 1994 from Trans Mountain for new 1994 tolls to replace existing interim tolls effective 15 May 1994. The Board approved Trans Mountain's tolls based on a revenue requirement of \$89.72 million and a throughput of 34 400 cubic metres per day. The Board also decided to issue Order TO-6-94 implementing the new tolls as of 16 May 1994, thereby revoking interim toll order TOI-2-94.

5. *Westcoast Energy Inc. - Tommy Lakes Pipeline - Toll Surcharge*

On 15 September 1994, the Board approved an application dated 29 June 1994 from Westcoast for approval of a revised toll schedule for Demand and Commodity Tolls, Raw Gas Transmission Service, effective 1 July 1994. The

essence of the revision is to eliminate the demand toll surcharge on the Tommy Lakes pipeline as a result of a firm service contract by Petro-Canada, effective 1 July 1994.

6. *Wascana Pipe Line Ltd. - Tariff No. 4*

On 29 September 1994, the Board denied an application dated 9 June 1994 from Wascana to include Term Throughput Agreements in its Tariff No. 4, revised Rules and Regulations, to be effective 1 July 1994. In its decision the Board stated that it was not satisfied that Term Throughput Agreements as proposed by Wascana could operate in conjunction with provisions in Wascana's tariff giving effect to its common carrier duties in such a way as to not result in unjust discrimination in tolls or service.

7. *Trans Mountain Pipe Line Company Ltd, Foothills Pipe Lines Ltd., Trans-Northern Pipelines Inc. and Alberta Natural Gas Company Ltd. - Interim Tolls*

On 16 December 1994, the Board approved interim tolls for Trans Mountain, Foothills, Trans-Northern and ANG effective 1 January 1995, pending the outcome of the RH-2-94 Multi-Pipeline Cost of Capital proceeding. The Board also approved interim operations and maintenance budgets for Foothills, pending a full review of the applied-for O&M budget early in the new year.

8. *Westcoast Energy Inc. - Sukunka Fuel Gas Pipeline*

On 13 October 1994, the Board approved Westcoast's application dated 15 September 1994 for approval of a toll schedule and firm service toll for Fuel Gas Service. The Board approved the applied-for firm service toll of \$1 218.91 per 10³ m³ per month and an interruptible service toll of \$53.431 per 10³ m³.

Matters Under Consideration

9. *Secondary Market for Natural Gas Transportation Services*

On 5 July 1994, the Board issued a discussion paper on possible changes to the rules governing the way transportation

services are traded through the secondary market on the pipelines owned by Alberta Natural Gas Company Ltd., Foothills Pipe Lines Ltd., TransCanada PipeLines Limited and Westcoast Energy Inc.

In its discussion paper, the Board indicates it is aware that some pipelines are planning to establish state-of-the-art electronic bulletin boards which will, among other things, provide shippers with immediate access to information on available capacity and facilitate the trading of this capacity among shippers. The Board believes that this raises issues which may require some regulatory actions to encourage optimal development and use of these systems by Board-regulated natural gas pipelines.

The Board is requesting comments on two proposals: (1) to require all transactions on the secondary market to be posted on the pipelines' bulletin boards and to provide an opportunity to all shippers to bid for available capacity; and (2) to remove the current restriction on selling capacity on the secondary market at prices above the regulated cost of service toll. The intent of the first proposal is to improve the transparency of pricing in the market and the intent of the second proposal is to improve the efficiency of the market.

The discussion paper provides background on the development of the secondary market for transportation services on natural gas pipelines in both Canada and the United States, elaboration on the Board's assessment of current developments, some possible regulatory actions and a list of questions.

Interested parties were given until 18 November 1994 to comment on the possible changes and 16 December 1994 to file reply comments. These comments are under consideration.

10. *Interprovincial Pipe Line Inc. - Monthly Surveillance Report*

On 4 February 1994, Interprovincial applied to have the Board eliminate its

requirement to file monthly surveillance reports. The Board decided to seek comments from interested parties.

On 22 April 1994, Interprovincial requested that the Board delay making a decision on the application and that both Interprovincial and interested parties be given another opportunity to comment on the application after an Industry Task Force meeting. The request was approved.

On 13 May 1994, Interprovincial advised that it had met with its Industry Task Force and had agreed to continue

to develop a proposal for addressing Industry's concerns about the financial information provided by Interprovincial through both its toll filing and its monthly and quarterly report. Interprovincial requested that the Board further delay consideration of this matter.

On 26 May 1994, the Board decided to further delay consideration of the original application and directed Interprovincial to notify the Board once the Company and Industry have come to an agreement on this matter.

11. Foothills Pipeline Ltd. - Drawdown of Deferred Income Tax Balance

Foothills provided the Board with a report, dated 30 September 1994, on the feasibility and financial impact of drawing down, all or a portion of, the company's deferred income tax balance. The report was filed in accordance with the Board's direction in the RH-1-93 Reasons for Decision. It is the Board's intention to initiate a written proceeding to consider this study after the release of the Board's decisions in the RH-2-94 Multi-Pipeline Cost of Capital hearing.

Other Matters

Safety Matters

Matter Completed

1. *TransCanada PipeLines Limited - Pipeline Rupture Near Marionville, Ontario*

On 15 March 1993, the Transportation Safety Board ("TSB") released its report regarding a puncture of TransCanada's pipeline near Marionville, Ontario. The pipeline was ruptured by a bulldozer operator using a cable plough to install underground communication cable. The escaping gas did not ignite and there were no injuries as a result of the incident.

As a result of its investigation, the TSB recommended that "the National Energy Board ensure that, in an emergency, sections of line beyond crossover points on federally-regulated pipelines can be quickly and safely isolated".

The Board requested pipeline companies under its jurisdiction to provide information regarding emergency response policies and capabilities for detailed analysis.

A Board report released in September 1994 stated that most companies already meet or exceed the requirements of the CSA standards regarding the utilization of isolation and sectionalizing valves, which allows them to quickly and safely isolate sections of their systems during emergencies. The Board also found that company policies and practices pertaining to reported leaks are generally acceptable.

Where further information is required to complete an assessment of the response capabilities of certain companies, the Board will follow-up with those companies. Where it is determined that companies are not in compliance with Board requirements, appropriate corrective action will be taken.

2. *TransCanada Pipeline Limited - Recent Incidents Involving General Corrosion*

On 23 July and 6 October 1994, TransCanada experienced mainline

breaks near Latchford and Williamstown, Ontario which involved general corrosion of the pipelines.

On 10 November 1994, the Board sent a letter to TransCanada requesting that it provide: a detailed report as to the findings of its corrosion protection system review; results of any internal corrosion inspections undertaken since the incidents; estimates on the cost of making its lines piggable; and details as to how the company proposes to improve its pit detection procedures.

3. *Inspection Officers*

On 17 November 1994, the Board designated 20 Board staff as Inspection Officers in accordance with recent changes to sections 49, 50, and 51 of the Act regarding inspection activities of the Board inspectors.

Section 49 of the Act was amended in 1994 to allow the Board to designate certain persons as inspection officers for the purpose of ensuring public and employee safety, property and environmental protection and compliance with Board orders and regulations. Section 49 of the Act also empowers the inspection officer to have access to facilities and sites for inspection purposes and conduct tests and examine records. Section 50 states that the Board will provide every inspection officer with a "Certificate of Authority" for identification purposes. Section 51.1 of the Act gives authority to an inspection officer to issue an order requiring a company or person to remedy a hazardous or detrimental situation.

4. *Documentation Audit Reports*

On 17 November 1994, the Board adopted the Documentation Audit Reports for Monitoring Compliance with the *Onshore Pipeline Regulations* for the following companies: 167496 Canada Ltd., Consumers' Gas (Canada) Ltd. and Niagara Gas Transmission and Bow Valley Industries Limited.

Environmental Matters

1. *Inventory of Polychlorinated Biphenyls ("PCBs")*

In response to the *Storage of PCB Material Regulations* which were published in the Canada Gazette on 27 August 1992, the Board decided to request that all companies under its jurisdiction review their PCB inventory status and supply the Board with their current PCB materials documentation relating to the type and number of in-service equipment containing PCBs and the volumes, concentrations and physical states of PCB-contaminated waste materials in any listed facility. The Board also requested that all companies confirm that their PCB waste storage facilities conform with the requirements of the regulations.

The Board completed updating its PCB-contaminated material storage facility inventory data base. Seven companies under the Board's jurisdiction had indicated that they had PCB-contaminated material in storage.

Since the completion of the update, Alberta Natural Gas Company Ltd. and Trans Mountain Pipe Line Company Ltd. have reported that all the PCB-contaminated material in storage had been removed and shipped to Swan Hills Waste Disposal site for incineration.

2. *Canadian Environmental Assessment Act*

On 19 January 1995, the *Canadian Environmental Assessment Act* (CEAA) is expected to be proclaimed, replacing the *Environmental Assessment and Review Process Guidelines Order* (EARP). The primary purpose of CEAA is to ensure that the environmental effects of projects receive careful consideration by federal agencies before any action is taken. In addition to carrying-out its environmental responsibilities under the *National Energy Board Act*, the *Canada Oil and Gas Operations Act*

and the *Canadian Petroleum Resources Act*, the Board will implement CEAA once it is proclaimed. There will be a transition phase, during which any proposal for which a screening has been commenced under the EARP Guidelines Order, before CEAA is proclaimed, will continue to be screened under EARP.

In a letter dated 3 January 1995, the Board notified regulated companies of changes associated with CEAA, namely, definitions of "project", "environment" and "environmental effect" as well as factors to be considered in an assessment, including cumulative effects. After the proclamation of CEAA, applicants must submit information which will enable the Board to carry out an environmental assessment in accordance with the new legislation.

Frontier Matters

1. *Petroleum Resources Assessment of the Liard and Eagle Plain, Yukon Territory, Canada*

These resource assessments originated from discussions with Yukon Government officials, and are part of the ongoing commitment by the Board towards providing the Yukon Territorial Government with technical and advisory support leading up to the transfer of responsibility for oil and gas regulation under the terms of the Yukon Accord. The reports on Liard and Eagle Plain provide detailed analysis of two sedimentary basins, that have the best petroleum potential in the Yukon, and will likely receive the greatest interest from industry should land issuances in the Yukon proceed. The Yukon Government is responsible for the distribution of the reports.

2. *Frontier Exploration Activity - Northwest Territories*

The Board expects significant increases in industry activity in the North as a result of recent issuances of new exploration rights. The Department of Indian and Northern Affairs' Call for Bids in

the Fort Liard region closed on 30 November. Bids were received on each of the eight parcels offered, with total bids of \$22.7 million, indicating intentions to undertake new exploration activity in the Fort Liard region. The Board is planning a community visit to Fort Liard early in the new year to consult with the community and to answer questions with respect to the Board's regulatory role. In addition, the Department has opened a Call for Bids for five parcels in the Mackenzie Valley, which closes on 24 April, 1995. In addition to its regulatory role in the Frontier, the Board provides advice to the Department on technical matters.

3. *Frontier Information Office*

The frontier data management functions of the Energy Resources and Engineering Branches have been amalgamated to create the Frontier Information Office. In October 1994, the Board issued Information Bulletin #11, which describes the services provided by this office and the technical resources it makes available to the public.

4. *Oil and Gas Operations Inspections*

Staff conducted an inspection of 11 Shell Canada Ltd. suspended wells. An information request was submitted to the company regarding the status of four wells. Four Petro Canada Ltd. wells were inspected and found to be in satisfactory condition. Inspections were also conducted on the production wells and facilities at Pointed Mountain, Kotaneelee and Norman Wells. Operating conditions at these sites were satisfactory.

Panarctic Oil Ltd. - Abandonment of Drake F-76

The review of Panarctic's application for abandonment of the offshore Drake F-76 gas well is continuing. In September 1994, an inspection of the well site and lease area was conducted and conditions were satisfactory. An information session was held at Resolute Bay to explain

the abandonment program to nearby communities. No significant issues, technical or environmental, were raised by community participants.

Panarctic has responded to two of five information requests by the Board that concern technical requirements. The other three technical items will become conditions if an approval is granted.

Panarctic is presently seeking approval from Environment Canada to leave the wellhead and flowline system on the seafloor under the ocean dumping provision of the *Canadian Environmental Protection Act* and approval from the Department of Indian Affairs and Northern Development for their proposed land disposal options.

Amoco Canada Petroleum Co. Ltd. - Pointed Mountain Gas Field

Amoco Canada Petroleum Ltd. completed two side tracked wells P-53A and K-45A. The P-53A well was tested, a pressure survey was run and the well was then placed on production. The K-45A well is being cleaned up by alternately flowing and shutting-in the well. Currently, the well is plugged and Amoco is reviewing its options for further work.

Norman Wells

The Board has approved a request by Imperial Oil Resources Ltd. to down-grade its Norman Wells propane pilot project from pilot status to that of a propane disposal well. The company will be required to address the results of propane injection in its Annual Production Report. Imperial's request to revise the number of wells surveyed and to use alternative methods of running its pressure survey are under review.

7. *Regulatory Initiatives*

- a) The *Canada Oil and Gas Occupational Safety and Health Regulations* are being updated.

At present, these regulations concern drilling and other exploration activities and the intent is to make them suitable for application to pipeline construction and operation.

A first draft of the amended regulations was reviewed with Labour Canada in August 1993. Pending the concurrence of Labour Canada revised drafts will be reviewed by other government departments and industry.

b) A revised draft *Canada Oil and Gas Drilling Regulations* has been developed for offshore areas. This document was updated to reflect the amendments made to the Canada Oil and Gas Operations Act and streamlined by removing items related to Occupational Safety and Health.

c) A review of the comments received from Department of Justice regarding the *Nova Scotia Offshore Occupational Safety and Health*

Regulations was completed. A meeting with Department of Justice is scheduled in January 1995 to resolve the issues raised.

d) The joint government/industry review of the Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil Based Drilling Muds is ongoing. Publication of revised guidelines is planned for the end of the 1994/95 fiscal year.

e) The Board participated in a Halifax meeting organized by the Canadian Association of Petroleum Producers (CAPP) with respect to offshore regulations. As a result of the meeting, CAPP and the participants proposed creating four working groups to discuss various regulatory issues.

Study

1. 1994 Supply/Demand Report

On 28 July 1994, the Board released its study on the long-term outlook for

Canadian energy supply and demand entitled *Canadian Energy Supply and Demand 1993-2010, Trends and Issues*. The report is a component of the ongoing study and monitoring of energy matters for which the Board is responsible under the Act.

On 15 December 1994, the Board released its *Canadian Energy Supply and Demand 1993-2010, Technical Report and Appendix to Technical Report*. These reports provide analytical details and support information, regarding:

- the impact of technological change on natural gas supply costs and in turn, the associated implications on the demand and supply of all energy commodities;
- evolving oil supply technologies and varying oil prices for Canadian oil supply;
- a more energy-intensive economy for energy demand; and
- more inter-utility planning of electricity supply, together with open access to transmission facilities, for the pattern of electricity and trade.

Reviews and Appeals

Reviews

Review Completed

1. *PanCanadian Petroleum Limited - Application for Review of the Board's Decision on the Niagara Gas Transmission Limited Facilities Application*

On 13 October 1994, the Board denied a request dated 20 July 1994 from PanCanadian for a review of the Board's decision of 19 May 1994 with respect to an application by Niagara Gas (refer to item 8 under *Pipeline Matters, Matters Under Consideration* on page 7).

The application for review was made on two grounds. The first was that, since the issuance of the Niagara Gas decision, circumstances have changed sufficiently to warrant a review of the decision. The second was that the Board erred in law and jurisdiction by deciding the Niagara Gas application without a public hearing in spite of requests by PanCanadian that a public hearing be held.

On 16 August 1994, the Board requested comments from interested parties on the question of whether or not a prima facie case for review had been made.

Appeals

Appeal Completed

1. *Rocky Mountain Ecosystem Coalition v. National Energy Board*

(Refer to item 1 under *Recent Hearing Reports* on page 1 of issue No. 49 of the *Regulatory Agenda* dated June 1994.)

On 15 April 1994, the Rocky Mountain Ecosystem Coalition, an intervenor in the GH-5-93 proceeding, filed an application for leave to appeal the March 1994 decision of the Board granting natural gas export licences to the applicants. The RMEC also sought a review by the Board of this decision. Pursuant to a motion brought by the RMEC, the application for leave to appeal was held in abeyance pending the Board's decision in the review. Following the release of the review decision, the federal Court of Appeal granted a further motion by the

RMEC to amend its pleadings to include the review decision in the application for leave to appeal. On 21 October 1994, the Federal Court of Appeal refused the application for leave to appeal.

Appeal Pending

2. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

Amendments to Regulations

Amendments to the Board's regulations completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

On 6 May 1994, the Board issued a draft of the Onshore Pipeline Regulations for comment by interested persons.

The regulations specify the requirements for the protection of property and the environment and safety of the public and company employees in the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

The Board is conducting this consultation process to seek input from parties which have an interest in the design, construction, operation, maintenance and abandonment of onshore pipelines.

Parties wishing to comment were asked to do so by 6 July 1994, later extended to 22 July 1994. The Board is currently reviewing the comments received.

2. Offshore Pipeline Regulations

The Offshore Pipeline Regulations specify the requirement for the protection of property and the environment and the safety of the public and the company's employees in the design, construction, operation and abandonment of an offshore pipeline.

These will require further review with respect to amendments to the Onshore Pipeline Regulations and integration of frontier activities into the Board.

3. National Energy Board Part VI Regulations

The Regulations were revised taking into consideration the comments received and sent to the Department of

Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

(For more details on this matter, see Issue No.49 of the *Regulatory Agenda* dated 1 June 1994 under *Amendments to Regulations*, item 4 on page 15).

4. Electricity Regulations

In October 1993, the Board issued draft *Electricity Regulations*, requesting comments from interested parties by 17 January 1994. Comments received are currently under review.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and parts of Schedule II of the draft Rules of Practice and Procedure.

5. Export and Import Reporting Regulations

The Regulations were sent to the Department of Justice for examination on 2 April 1993. Once Justice approval is received, the Regulations will be pre-published in the *Canada Gazette* at which time industry and the members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

(For more details on this matter, see Issue No.49 of the *Regulatory Agenda* dated 1 June 1994 under *Amendments to Regulations*, item 6 on page 15.)

6. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act made in 1983, draft regulations were

prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from Justice, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

These regulations were not promulgated at the time because the government had started a broad review of its policy with respect to international power lines.

On 6 April 1994, the Board issued for public comment a revised draft of the *International Power Line Crossing Regulations* which also implemented amendments to the NEB Act promulgated in 1990. Comments were due on 6 May 1994. No comments were received. The regulations were submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice the regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The regulations may then be promulgated.

7. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have been Pre-published in Part I of the *Canada Gazette*

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - Amendments
Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Petroleum Installations Regulations
Newfoundland Offshore Petroleum Installations Regulations
Newfoundland Offshore Area Petroleum Diving Regulations - Amendments
Nova Scotia Offshore Certificate of Fitness Regulations
Newfoundland Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum

Drilling Regulations - Amendments
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)
Nova Scotia Offshore Area Petroleum Production and Conservation Regulations
Newfoundland Offshore Area Petroleum Production and Conservation Regulations
Nova Scotia Offshore Area Petroleum Geophysical Regulations
Newfoundland Offshore Area Petroleum Geophysical Regulations

Regulations being Drafted

Canada Oil and Gas Occupational Safety and Health Regulations - Amendments
Canada Offshore Oil and Gas Drilling Regulations - Re-structuring
Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Spills and

Debris Regulations
Newfoundland Offshore Area Petroleum Occupational Safety and Health Regulations
Nova Scotia Offshore Area Petroleum Occupational Safety and Health Regulations

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

8. *Pipeline Crossing Regulations*

At the request of the Standing Joint Committee For The Scrutiny Of Regulations, dated 19 October 1993, the Board has prepared amendments of the *Pipeline Crossing Regulations, Part 1*. The amendments revoke Section 9 of the Part I Regulations. The amended regulations were published in the *Canada Gazette* on 30 November 1994.

Administrative Matters

Rules of Practice and Procedure

The rules were revised taking into account the comments received and on 18 March 1993, the Board approved the Rules for submission to the Privy Council Office, Department of Justice and Treasury Board for approval. The submission to the Department of Justice, for review and approval, was sent on 30 April 1993. Once approved by the Department of Justice, the Rules will be sent for publication in the *Canada Gazette*.

(For more details on this matter, see Issue No.49 of the *Regulatory Agenda* dated 1 June 1994 under *Amendments to Regulations*, item 4 on page 16.)

Guidelines for Filing Requirements

The Board, as part of its changes to the *Rules of Practice and Procedure*, is removing the filing requirements from the rules and has decided to issue them separately as guidelines. This will allow greater flexibility to the Board to reflect policy and other changes in filing requirements. It also reflects recommendations made by the Minister's Advisory Panel on Regulatory Review (see *Advisory Panel on Regulatory Review* on page 15) that guidelines be considered instead of regulations, while still achieving the desired objectives.

On 28 April 1994, the Board issued for comment by interested persons a draft version of the new Guidelines for Filing Requirements.

The filing requirements contained in the 1987 draft rules have been amended and updated to reflect current policy. As well, certain other filing requirements, previously contained in other documents have been included. Specifically, the filing requirement from the Early Public Notification Memorandum of Guidance, from the Guidelines for the Preparation of Regional Socio-Economic Impact Assessments, for leave to open from the *Onshore Pipeline Regulations* and filing requirements for orders from the

Memorandum of Guidance for Short-term Gas Export Orders and Long-term Gas Export Licences have been included. Interested persons had until 29 July 1994 to comment on the proposed changes.

The comments received are under review.

Electronic Regulatory Filing (ERF)

Board Document System

On 24 October 1994, as part of its Electronic Regulatory Filing implementation, the Board launched Phase I of the Board Document System (BDS) for participants in the Multi-Pipeline Cost of Capital Hearing. The system provides outside parties with dial-in access to its Reasons for Decision dating from 1985 and hearing transcripts from 1991. These documents can be searched and retrieved on-line, from remote locations or at the Board's offices. It is planned that BDS services will be extended to the general public in March 1995.

Technical Standards Committee

The goal of ERF is to create an environment for the exchange and use of regulatory filings. Electronic hearing documents will be the fundamental components of a database in the public domain, and will constitute evidence in proceedings. Therefore, it is critical to the long-term success of ERF that electronic documents maintain longevity, universal accessibility and easy transferability, using a variety of communication vehicles.

A joint NEB-industry Technical Standards Committee has been struck to commence the process of defining specific document types, appropriate standards and formats to be used for ERF document filings. A first meeting was held on 14 October 1994 with various industry representatives, followed by a meeting in Toronto on 13 and 14 December. The Standards committee

has agreed that although voting privileges will be given only to those parties directly affected by ERF, observers are welcome. Subsequent meetings are planned in Calgary on 16 January and in Vancouver on 17 February 1995.

Advisory Panel on Regulatory Review - Board Action

The following is a status report on the specific action being taken or contemplated by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review in October 1993.

RECOMMENDATION 1: *The Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consultation; the process should take cognizance of information formats consistent with industry practice; the need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".*

The internal review of these Guidelines has included a review and combining of the Guidelines listed below. On 28 April 1994, a draft of the Guidelines was issued for comment by interested persons. Comments were due on 29 July 1994 and are currently under review.

- (a) Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity
- (b) Guidelines for the Preparation of Regional Socio-Economic Impact Assessments of Gas or Oil Pipeline Projects (see Recommendation 2)
- (c) Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for an

Order Fixing Tolls and Tariffs (see Recommendation 8)

(d) Memorandum of Guidance Concerning Early Public Notification of Proposed Applications

(e) Memorandum of Guidance on NEB Regulatory Procedures and Information Requirements for Applicants Filing for Short-term Gas Export Orders and Long-Term Gas Export Licences (see Recommendation 11)

(f) Guidelines for Filing Requirements for Leave to Open

RECOMMENDATION 2: *The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.*

See Recommendation 1.

RECOMMENDATION 3: *Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing industry construction/operation and worker safety standards.*

On 6 April 1994, the Board issued for public comment a draft of the *Power Line Crossing Regulations*. Comments were due on 6 May 1994. No comments were received. The regulations have been submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice

the regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Then the regulations will be promulgated.

RECOMMENDATION 4: *Draft NEB Electricity Regulations dealing with International Power Lines should not be published in the Canada Gazette before a further round of consultations with the affected industries; a Memorandum of Guidance respecting these changes should be issued as quickly as possible; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.*

On 25 October 1993, the Board issued for public comment the Draft Regulations dealing with international power lines and with electricity exports (see Recommendation 12). Comments were due by mid-January 1994 and are currently under review.

On 7 July 1993, the Board issued a Memorandum of Guidance respecting changes to the processing procedures for international power lines and electricity export applications. On 14 June 1994, the Board amended the 7 July Memorandum of Guidance (refer to issue no. 50 of the *Regulatory Agenda* under *Energy Commodity Matters, Electricity, Matters Completed*, item 2 on page 4).

RECOMMENDATION 5: *Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.*

The clarification that the Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated

in the Guidelines which are contained in Appendix IV to the 7 July 1993 Memorandum of Guidance, as amended on 14 June 1994 (refer to issue no. 50 of the *Regulatory Agenda* under *Energy Commodity Matters, Electricity, Matters Completed* item 2 on page 4.)

No further action is required with respect to this Recommendation.

RECOMMENDATION 6: *Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.*

On 4 October 1993, the Board issued for comment to the Group 1 companies and other interested persons a paper outlining proposed modifications to the content and format of the Group I companies surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. On 16 February 1994, the Board issued a Memorandum of Guidance providing revised guidelines for the preparation of surveillance reports. No amendments to the Toll Information Regulations were proposed.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period (refer to Electronic Regulatory Filing on page 16).

RECOMMENDATION 7: *The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.*

In April 1994, the Board announced that it would be conducting a public hearing

concerning the cost of capital for the Group 1 pipeline companies under its jurisdiction (refer to item 3 under *Hearings Decisions Pending* on page 2).

On 23 August 1994, the Board issued revised Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs (refer to issue no. 50 of the *Regulatory Agenda* under *Traffic and Toll Matters, Matter Completed* item 1 on page 8).

RECOMMENDATION 8: *Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.*

See Recommendation 1.

RECOMMENDATION 9: *Pipeline Arbitration Committee Procedure Rules should be retained without further review.*

The Board supported that recommendation and no action is required.

RECOMMENDATION 10: *NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.*

A liaison group has been established, consisting of a Board coordinator and representatives from provincial bodies responsible for pipeline crossings, to study pipeline crossing requirements and how they can be made consistent.

RECOMMENDATION 11: *Memorandum of Guidance on NEB*

Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.

See Recommendation 1.

RECOMMENDATION 12: *Draft electricity regulations (re:electricity exports) should be issued as quickly as possible in order to advise the industry of changes to the Board's information filing requirements; a full consultation round will take place following the established process; a revised Memorandum of Guidance will be released outlining all the changes to the electricity export and international power lines applications.*

See Recommendation 4.

RECOMMENDATION 13: *The Pipeline Companies' Records Reservation Regulations should be revoked.*

The Regulations were revoked on 11 May 1993.

Speeches

"Pipelining in the 90s: A Regulatory Perspective" a presentation by K. Vollman to the 44th Canadian Society for Chemical Engineering Annual Meeting in Calgary, Alberta on 5 October 1994.

"Regulatory Aspects of Natural Gas Trade" a presentation by J.-G. Fredette to the Energy Council of Canada FORUM 1994 in Montreal, Quebec on 25 October 1994.

Board Organization and Staff

Mr. Jean-Guy Fredette retired from the Board in November upon completing a seven-year term as Vice-Chairman. Mr. Fredette joined the Board in 1987 after a distinguished career in government and business.

Mr. Gaétan Caron was appointed Executive Director of the Board to replace Robin Glass, who became Assistant Deputy Minister, Policy, Strategic Planning and Consultation, Fisheries and Oceans Canada in September 1994. Mr. Caron has been employed at the NEB since his appointment as a junior engineer in 1979. He was, successively, Assistant Director, then Director of the Engineering Branch and Director of the Financial Regulation Branch. He has an engineering degree from Laval University and also holds an MBA from the University of Ottawa.

The Board also confirmed the appointment of **J. Scott Richardson** as Secretary of the Board. Mr. Richardson joined the Board as a junior engineer in 1980, was appointed a chief in the Engineering Branch in 1988 and has been acting as the Secretary since May 1992. He graduated from The University of Ottawa with a B.Sc. in mechanical engineering.

Reports and Documents Issued - 1 September to 31 December 1994

Reasons for Decision

TransCanada PipeLines Limited - 1995/96 Pipeline Facilities - GH-2-94 - September 1994

Chevron, CanStates, Renaissance, WGML - Various Gas Exports - GH-3-94 - November 1994

Hydro-Québec - Electricity Export Permits - December 1994

Novagas Clearinghouse Ltd. - Construction of a Natural Gas Pipeline - GHW-1-94 - December 1994

Reports

Canadian Energy Supply and Demand 1993-2010: Technical Report and Appendices - December 1994

Instructions for Filing

All correspondence with the Board should be addressed to: Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-to, please write to the Secretary of the Board providing your mailing address and the type of material you would be

interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

The Board would like to inform readers of the *Regulatory Agenda* that it will now require fewer copies of most hearing applications or filings, as indicated below. Applicants are asked to note this change and provide the appropriate number of copies in support of their applications. The Board will update its copy requirements for non-hearing matters in the coming months. For items not listed below, one copy is sufficient.

Type of Application or Filing		No. of Copies		Type of Application or Filing		No. of Copies	
(a) Hearing Matters		In Future	Previously				
(i) Certificates				(iii) Oil Exports			
Pipeline		25	(35)	Registered Oil Export Orders		10	
Power Line		20	(30)	(iv) Tolls			
(ii) Export licences				Class I and II Adjustments		20	
Natural Gas		25	(35)	Interim Orders		20	
Electricity		20	(30)	Operating and Maintenance Budgets		20	
(iii) Tolls		25	(35)	Changes in Depreciation Rates		20	
(iv) Land Acquisitions		20	(10)	Quarterly Surveillance Reports		20	
(b) Non-Hearing Matters				New or Changed Tariffs		20	
(i) Natural Gas				Domestic Gas Sales			
Export Orders		05		Contracts and Amendments		20	
Orders for Transmission Access		20		Amendments to Tariff Orders		20	
Licence Amendments		20		(v) Pipelines and Power Lines			
Amendments to Export Contracts		20		Exemption Orders			
Licence Revocations		20		Power Lines		15	
(ii) Electricity Exports				Exemption Orders			
Permits		15		Pipelines (Sec. 58)		20	
Licence or Permit Amendments		15		Certificate Amendments		20	
Licence or Permit Revocations		15		Certificate Revocations		20	
				Leave to Sell or Transfer		20	
				Incident Reports		20	
				(vi) Other			
				Application for Review		20	

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers (Area Code 403)

General Information		292-4800	Communications Officer	Ross Hicks	299-3930
Incident Reporting Number		1-800-632-1663	Communications Officer	Ruth Grenville	299-2719
		1-800-NEB-1-ONE	Manager, Library	Helen Booth	299-3562
Bulletin Board System		299-2751			
Bulletin Board System Helpline			Library, Information		299-3561
9:30 to 10:30 a.m. (MT)		299-3919	General Information and Board Distribution Centre		292-4800
BOARD MEMBERS					
Chairman	Roland Priddle	299-2724	ECONOMICS BRANCH		
Chairman's Assistant	Esther Binder	299-2725	Director	John Hayward	299-2757
Secretary	Carmen Morin	299-2726	A/Secretary	Colleen Holt	299-3629
Vice-Chairman	Vacant		<i>Regulatory Economics Division</i>		
Secretary	Lillian Handelman	299-2741	Manager	Glenn Booth	299-3621
Member	Anita Côté-Verhaaf	299-2739	<i>Economics and Energy Analysis Division</i>		
Secretary	Lillian Handelman	299-2741	Manager	Bob Modray	299-3157
Member	Céline Bélanger	299-2737	ENERGY COMMODITIES BRANCH		
Secretary	Francine Poudrette	299-2748	Director	Raymond Choy	299-3189
Member	Roy Illing	299-2729	Secretary	Linda Byers	299-3185
Secretary	Mona Butler	299-2728	Special Advisor, Electric Power	Alec Penman	299-3180
Member	Kenneth W. Vollman	299-2730	<i>Gas Market Analysis and Export Surveillance</i>		
Secretary	Francine Poudrette	299-2748	Manager	Sandra McDonough	299-3186
Member	Robert Andrew	299-2736	<i>Gas Export</i>		
Secretary	Mona Butler	299-2728	Manager	Cliff Brown	299-3190
EXECUTIVE DIRECTOR					
Executive Director	Gaétan Caron	299-2700	<i>Transportation and Oil Exports</i>		
Admin. Assistant	Jan Dane	299-2701	Manager	Hans Pols	299-3195
OFFICE OF THE SECRETARY					
Secretary	Scott Richardson	299-2711	<i>Electric Power</i>		
Admin. Coordinator	Rita Bargetzi	299-2715	Manager	Ivan Harvie	299-3165
Secretary	Vacant	299-2712	ENERGY RESOURCES BRANCH		
A/Asst. Secretary, Regulatory	Michel Mantha	299-2714	Director	Graham Campbell	299-3102
A/Asst. Secretary, Communications	Vacant	299-2713	Admin. Coordinator	Janet Soucy	299-3517
Communications Officer	Denis Tremblay	299-2717	Secretary	Pat Cormier	299-3103

**Crude Oil, NGL
and Coal Supply Division**

Manager Gerrit Hos 299-3120

Natural Gas Supply Division

Manager Paul Bourgeois 299-3149

Reservoir Engineering Division

Manager Cliff Gemeroy 299-3138

Geology and Resource Assessment Division

Manager Bruce Young 299-3147

Special Advisor, Energy Resources

Giles Morrell 299-3117

ENGINEERING BRANCH

Director John McCarthy 299-2766
Admin. Coordinator Cecilia Cupido 299-2752
Secretary Eileen McLeod 299-2758

Development Engineering and Group II Pipelines

Manager Terry Baker 299-2792

Safety Audit

Manager Franci Jeglic 299-2774

Accident Investigation

Manager Jake Abes 299-2777

**Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta
Natural Gas and Cochin**

A/Manager Brian Fowler 299-2782

**Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans
Mountain and Trans-Northern**

A/Manager Paul Trudel 299-2768

Regulatory Development and Safety Studies

A/Manager Robert Power 299-2769

ENVIRONMENT BRANCH

Director Ken Sato 299-3675
Admin. Coordinator Paulette Richard 299-3680
Secretary Geraldine Metcalfe 299-3676

Biological Sciences Division

Manager Jim McComiskey 299-3677

Physical Sciences Division

Manager Oleh Mycyk 299-3678

**Operations Emergency Response and
Financial Liability Division**

Manager Jim Anderson 299-3682

Socio-Economics and Lands

Manager John Stewart 299-3902

Environmental Studies Research Funds

Manager Brian Nesbitt 299-3679

FINANCIAL REGULATION BRANCH

A/Director Robert Tarvydas 299-3646
Secretary Bette Schock 299-3648

**Interprovincial Pipe Lines, Trans-Northern
Pipelines, Alberta Natural Gas, Foothills Pipe Lines**

A/Manager David Craib 299-3651

**Westcoast Energy Inc.,
Trans Mountain Pipe Line and Cochin Pipe Lines**

Manager Albert Fung 299-3662

**TransCanada PipeLines, Gazoduc T.Q.M. and
Interprovincial (NW)**

Manager Steve Brown 299-3653

LAW BRANCH

General Counsel and
Director Judith Snider 299-2703
Counsel Judith Hanebury 292-6497
Secretary Susan Gudgeon 299-2704
Counsel Boris de Jonge 292-6495
Counsel Irene Gendron 299-2709

Counsel	Christine Beauchemin	292-6489	Manager, User Services		
Secretary	Judy Kelso	292-6540	(Information Technology)	Ken Wing	299-3602

Counsel	Peter Noonan	299-3552	Project Manager, Electronic		
Counsel	Margery Fowke	299-2708	Regulatory Filing	Brenda Kenny	299-3565
Secretary	Susan Gudgeon	299-2704			

Manager,		
Network Management	Monique Girard	299-3604

FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY BRANCH

Director	Jim Klotz	299-3684
Secretary		299-3692

PERSONNEL BRANCH

Director	Jim Thompson	299-3694
Secretary	Sylvie Joannis	299-3695

Profile

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments to the NEB Act have been passed formally transferring certain frontier oil and gas regulatory functions to the National Energy Board. As a result, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act now encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

National Energy Board
311 Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

regulatory Agenda

Issue No. 52

(The period covered in this Regulatory Agenda is 1 January to 31 March 1995)

1 April 1995

Applications Considered by Oral Hearing

Recent Hearing Decisions

1. *Foothills Pipe Lines (Alta.) Ltd. - Facilities Application - Wild Horse Pipeline - GH-4-94*

Reasons for Decision dated January 1995; issued on 26 January 1995.

The Board approved Foothills' application to construct and operate a natural gas transmission pipeline in southeastern Alberta known as the "Wild Horse Pipeline".

The proposed facilities consist of 215.5 kilometres (134 miles) of 914 millimetre (36 inch) diameter line pipe between Princess, Alberta and the Alberta/Montana border near Wild Horse together with a meter station near Wild Horse. The Wild Horse Pipeline would connect upstream with the existing facilities of NOVA Gas Transmission Ltd. and downstream at the international border with a pipeline proposed to be constructed by Altamont Gas Transmission Company. The estimated capital cost of the facilities is \$139 million with a proposed in-service date of 1 November 1996.

The proposed pipeline would provide 20.9 million cubic metres (737.5 million cubic feet) per day of capacity at the international border near Wild Horse, Alberta for exports to the United States and northern Mexico.

Among the conditions of the Board's approval is a requirement that Foothills

file, prior to commencing construction, 15-year gas transportation contracts for the full pipeline capacity.

The Board held five days of hearings on the application in October 1994 in Calgary.

Hearing Decisions Pending

1. *Multi-Pipeline Cost of Capital Hearing - RH-2-94*

The Board held 29 days of hearings in October and December 1994 in Calgary on the cost of capital for Group 1 pipeline companies under its jurisdiction. The hearing was held to decide the cost of capital (rate of return on common equity and capital structure) for 1995 and future years. It is the Board's intention to set the cost of capital for multi-year periods with

provision for an adjustment mechanism to the rate of return on common equity component for the intervening years.

2. *TransCanada PipeLines Limited - 1995 Tolls - RH-3-94*

The Board held five days of hearings in January 1995 on an application by TransCanada for approval of new tolls it may charge on its natural gas transmission system effective 1 January 1995.

The tolls requested by TransCanada for the Eastern Zone average 6.9 percent more than the tolls approved for 1994. The application included a 10.3 percent increase in gross revenue requirement to \$1.81 billion from the approved gross revenue requirement for 1994 of \$1.64 billion.

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National
Energy Board

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.



TransCanada's capital structure and rate of return on common equity were examined in the Multi-Pipeline Cost of Capital hearing (refer to item 1 above). The applied-for revenue requirements are based on a rate of return of 13 percent on a common equity ratio of 30 percent. This compares to a rate of return of 11.25 percent on a common equity ratio of 30 percent that the Board approved for TransCanada for 1994.

On 16 December 1994, TransCanada filed a settlement it had reached with a group of its shippers in a joint industry task force.

3. *Westcoast Energy Inc. - Fort St. John Expansion Project - GH-5-94*

The Board held 19 days of hearings in February and March 1995 in Fort St. John and Vancouver on an application from Westcoast to expand its Fort St. John transmission system and to construct a new gas treatment plant.

The Fort St. John Expansion Project includes the construction of the new Aitken Creek Plant, installation of three compressor units, expansion of the Fort St. John raw gas transmission system and a request for rolled-in tolls for services provided by the proposed facilities. The estimated cost of the new facilities is \$397.4 million, with a proposed in-service date of April 1996.

Hearings Scheduled

1. *Interprovincial Pipe Line Inc. - Apportionment of Pipeline Capacity - MH-1-95*

The Board will hold a public hearing commencing on 11 April 1995 in Calgary on an application from Interprovincial for toll orders to modify its current rules and regulations and tolls with respect to the transportation of crude petroleum, refined petroleum products and natural gas liquids. Interprovincial is requesting approval of measures it proposes to implement in order to reduce the current high apportionment levels on its system. Apportionment occurs when nominations to ship on the system exceed pipeline capacity.

2. *Westcoast Energy Inc. - 1995 Tolls - RH-5-94*

The Board will hold a public hearing commencing on 24 April 1995 in Vancouver on an application by Westcoast for new tolls it may charge on its natural gas transmission system effective 1 January 1995.

Westcoast requested an eight percent increase in tolls from those charged in 1994. The company, in estimating its 1995 cost of service, has used a rate of return on common equity of 13 percent. The capital structure utilized in the application includes a common equity component of 35 percent, which is unchanged from 1994. These two issues were examined in the Multi-Pipeline Cost of Capital hearing (refer to item 1 under *Hearing Decisions Pending* on page 1).

3. *Gas Export Hearing - GH-1-95*

The Board will hold a public hearing commencing on 23 May 1995 in Calgary to consider applications from Brooklyn Navy Yard Cogeneration Partners, L.P. and Renaissance Energy Ltd. for licences to export natural gas.

Brooklyn Navy Yard is requesting a five-year licence to export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario. The natural gas will be used to fuel a cogeneration facility to be constructed by Brooklyn Navy Yard in Brooklyn, New York.

Renaissance is requesting a nine-year licence to export some 79 300 cubic metres (2.8 million cubic feet) of natural gas per day at Niagara Falls, Ontario. The natural gas will be delivered to Renaissance Energy (U.S.) Inc. who in turn will sell it to Delmarva Power & Light Company, a local distribution company in Wilmington, Delaware.

Hearing Application Withdrawn

1. *Interprovincial Pipe Line Inc. - 1995 Tolls - RH-4-94*

(Refer to items 3, 5 and 6 under *Traffic and Toll Matters* on page 7 and 8)

On 22 March 1995, the Board, as part of its approval of Interprovincial's negotiated settlement, approved Interprovincial's request to withdraw its application for approval of new tolls the company may charge effective 1 January 1995. A hearing had originally been scheduled for 6 February 1995, later postponed to a date to be announced.

Hearing Application Adjourned

1. *Westcoast Energy Inc. - Grizzly Valley Expansion Project - GH-6-94*

On 6 February 1995, the Board adjourned, to a date to be determined, a public hearing on an application by Westcoast for approval of the Grizzly Valley Expansion Project. The Board had scheduled the application to be heard immediately following the Fort St. John Expansion Project application (refer to item 3 above). Westcoast had requested that the hearing be adjourned to the fall of 1995 because the planned in-service date had been delayed by one year to November 1997.

The Grizzly Valley Expansion Project includes the construction and operation of a natural gas processing plant, a sulphur recovery plant, and a compressor station near Tumbler Ridge, British Columbia. The Tumbler Ridge Gas Plant would be capable of processing 11.3 million cubic metres (400 million cubic feet) of raw gas per day.

In addition to the gas and associated sulphur processing plant, Westcoast proposes to expand the capacity of its Grizzly Valley raw gas transmission system and to construct and operate the Tumbler Ridge Mainline, a transmission pipeline to transport residue gas processed at the Tumbler Ridge Gas Plant to the discharge site of Westcoast's Compressor Station No. 2 near Chetwynd, British Columbia.

The estimated cost of the facilities is \$672.6 million.

Applications Considered by Written Hearing

Hearing Decisions Pending

1. *Trans Québec & Maritimes Pipeline Inc. - 1995Tolls - RHW-1-94*

The Board is conducting a written hearing on an application by TQM for new tolls it may charge on its natural gas transmission system effective 1 January 1995.

TQM requested tolls that are 5.5 percent less than those authorized by the Board for 1994. The company's proposed 1995 tolls have been calculated on the basis of a rate of return of 13 percent and a common equity ratio of 35 percent.

On 22 December 1994, the Board approved TQM's request for interim tolls, effective 1 January 1995, pending the outcome TQM's toll application.

2. *PanCanadian Petroleum Limited - Pipeline Facilities - GHW-1-95*

The Board is conducting a written public hearing on an application dated 26 November 1993, from PanCanadian for approval to construct approximately 14.5 kilometres (8.7 miles) of pipeline from an interconnection with TransCanada PipeLines Limited's Ottawa sales gate metre station in the City of Gloucester, Ontario and then

under the Ottawa River to the Canadian Pacific Forest Products Limited newsprint mill in Gatineau, Quebec. The purpose of the pipeline is to transport natural gas to a proposed cogeneration facility to be constructed on the CP Forest site. The estimated cost of the facilities is \$8.4 million.

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. Since the 1 January 1995 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Energy Commodity Matters

Natural Gas

Matters Completed

1. *Husky Oil Operations Ltd. - Contract Amendment - Natural Gas Export Licence GL-208*

On 30 March 1995, the Board approved an application dated 8 March 1995 from Husky for approval of an Amending Agreement dated 1 November 1994 to the Gas Purchase Agreement dated 12 March 1991 with San Diego Gas & Electric Company underpinning exports under Licence GL-208.

2. *ProGas Limited - Amendments to a Gas Sales Contract and to Natural Gas Export Licences GL-98 and GL-231*

On 19 January 1995, the Board approved an application dated 28 October 1994 from ProGas for approval of an Amending Agreement dated 1 November 1993 to the Gas Sales Agreement dated 22 March 1994 with Consumers Power Company and for amendments to Licences GL-98 and GL-231. ProGas applied for approval to increase the daily, annual and terms volumes under Licence GL-231 and to commensurately reduce the daily, annual and term volumes under Licence GL-98.

3. *Shell Canada Limited - Revocation of Natural Gas Export Licence GL-119*

On 24 February 1995, the Board approved an application from Shell for an order to revoke Licence GL-119 underpinning exports to Consumers Power Company in the state of Michigan.

Matters Under Consideration

4. *Brooklyn Navy Yard Cogeneration Partners, L.P. - Contract Amendments - Natural Gas Export Licence GL-232*

On 16 February 1995, Brooklyn Navy Yard applied for approval of Amending Agreements and Amending Letter Agreements to the two Gas Sales Contracts dated 20 and 21 October 1993 with PanCanadian Petroleum Limited and Crestar Energy, a General Partnership, respectively, underpinning exports under Licence GL-232.

The application is currently under review.

5. *Selkirk Cogen Partners, L.P. - Contract Amendment - Natural Gas Export Licence GL-157*

On 3 March 1994, Selkirk applied for approval of an Amended and Restated Gas Purchase Contract dated 26 September 1993 underpinning exports under natural gas export Licence GL-157.

On 29 April and 18 May 1994, the Board sent letters to Selkirk requesting additional information. On 21 July 1994 and 9 February 1995, Selkirk responded to the Board's information requests.

The additional information submitted is currently under review.

6. *Wascana Energy Inc. - Revocation of Natural Gas Export Licence GL-77 and New Gas Supply Arrangements Underpinning Natural Gas Export Licence GL-229*

On 16 December 1994, Wascana applied for an order revoking natural gas export Licence GL-77 and for approval of new gas supply arrangements underpinning exports under Licence GL-229

On 16 February 1995, the Board sent a letter to Wascana requesting additional information.

7. *Westcoast Gas Services Inc. - Contract Amendments and Revocation of Natural Gas Export Licence GL-228*

On 15 January 1995, Westcoast applied for approval of Amended and Restated Gas Sales Contracts underpinning exports under licences GL-225, GL-226 and GL-227. Westcoast also applied for an order revoking Licence GL-228.

The application is currently under review.

Electricity

Matters Completed

1. *Canadian Niagara Power - Amendments to Electricity Export Permit EPE-36*

On 16 February 1995, the Board approved an application dated 17 January 1995 from Canadian Niagara for approval to increase the quantity limits for export under Permit EPE-36 from 250 to 300 gigawatt hours per consecutive twelve month period.

2. *Manitoba Hydro - Application for an Electricity Export Permit*

On 3 March 1995, the Board approved an application dated 9 December 1994 from Manitoba Hydro for a permit to export up to 50 megawatts of participation power to Otter Tail Power Company for the period beginning 1 May 1997 and ending 30 April 2005. The energy associated with the 50 megawatt capacity may be limited to 40 percent monthly capacity factor. Energy greater than 40 percent monthly capacity factor may be available for sale at Manitoba Hydro's discretion.

3. *Ontario Hydro - Application to Vary Electricity Export Permit EPE-21*

On 17 February 1995, the Board approved an application dated 21 October 1994 from Ontario Hydro for approval to vary electricity export

limits in Permit EPE-21 from 15 000 gigawatt hours to a maximum of 25 000 gigawatt hours of firm and interruptible energy and to remove the current limitation of 10 000 gigawatt hours generated from fossil fuel sources.

Matters Under Consideration

4. British Columbia Power Exchange Corporation (POWEREX) - Application for an Electricity Export Permit

On 27 January 1995, Powerex applied for a permit to export up to 25 921 megawatt hours of firm energy for 10 years commencing on 1 May 1995 to the City of Palo Alto, California.

The application is currently under review.

5. Manitoba Hydro - Amendments to Electricity Export Permits EPE-45 and EPE-46

On 9 January 1995, Manitoba Hydro applied for approval to amend export Permits EPE-45 and EPE-46 by removing certain conditions from the permits.

Export Permit EPE-45 authorizes Manitoba Hydro to export short-term firm capacity and energy of up to 16 650 gigawatt hours less the amount under any other Manitoba Hydro export authorizations, except for border accommodations. Export Permit EPE-46 authorizes Manitoba Hydro to export interruptible energy and unscheduled loop flows of up to 16 650 gigawatt hours less the amount under any other Manitoba Hydro export authorizations, except border accommodations.

Manitoba Hydro is requesting that the conditions in the permits referring to specific agreements be deleted. The utility's rationale is that with transmission access being available in the United States, it wishes to sell to parties other than those whose interconnection agreements are referenced in the permits. Manitoba Hydro requested the amend-

ments to allow it to export to any customer whether directly linked to its power system or not.

On 17 February 1995, the Board directed Manitoba Hydro to give public notice of the application and to publish a Notice of Application/Directions on Procedure in the *Canada Gazette*.

6. Manitoba Hydro - Application for an Electricity Export Permit

On 10 February 1995, Manitoba Hydro applied for a permit, which would replace an existing permit, to export firm power and energy, as a border accommodation, to Roseau Electric Co-operative for a period of 10 years commencing on 1 August 1995. Manitoba Hydro proposes to export up to 20 kilowatts of power and 20 000 kilowatt hours of energy per year.

The application is currently under review.

7. St. Clair Tunnel Construction Company - Application to Construct an International Power Line and for an Electricity Export Permit

On 27 January 1995, St. Clair Tunnel applied for approval to construct and operate a 5 000 volt three-phase international power line extending two kilometers from a substation in Sarnia, Ontario to a substation in City of Port Huron, Michigan. St. Clair Tunnel also applied for an export permit to export up to 750 kilowatts of energy for a 30 year period commencing on 1 April 1995.

The application is currently under review.

8. TransAlta Utilities Corporation - Application for an Electricity Export Permit

On 31 March 1995, TransAlta applied for approval of a five year export permit to export up to 1 000 megawatts of short-term firm power and 8 760 gigawatt hours of energy and up to 8 760 gigawatt hours of interruptible power less the amount of firm exports. TransAlta

requested a permit for five years commencing on 1 June 1995.

The application is currently under review.

Pipeline Matters Matters Completed

1. Interprovincial Pipe Line Inc. - Increase of Maximum Operation Pressure of Line 13

On 14 December 1994, Interprovincial applied for approval to increase the maximum operating pressures for Line 13 segments from Regina, Saskatchewan to Gretna, Manitoba.

The Board had concern with the safe operation of the Line 13 section from Regina to Gretna, at maximum operating pressures that would be equivalent to 80 percent of the hydrostatic test pressure. The Board decided that the maximum operating pressure of the pipeline segment from Regina to Gretna should be limited to an equivalent of 72 percent of the hydrostatic test pressure.

2. Border Pipeline System - Change of Ownership

On 6 January 1995, the Board approved an application dated 30 November 1994 from the Joint Venture Owners of the Bi-Provincial Upgrader to sell the pipeline system between the Husky refinery terminal in Lloydminster, Alberta and the Bi-Provincial Upgrader near Lloydminster, Saskatchewan to CIC Industrial Interests Inc. and Husky Oil Operations Ltd.

The Border Pipeline System comprises four side-by-side 10 kilometre long pipelines which move heavy crude oil blend, synthetic crude oil and distillate between the Husky refinery terminal and the Bi-Provincial Upgrader.

3. Westcoast Energy Inc. - Additional Facilities

On 2 February 1995, the Board approved an application dated 29 November 1994

from Westcoast to construct a booster station, liquid handling facilities and 19.8 kilometres of pipeline looping known as the S.E. Helmet Loop. The facilities and pipeline would be located on Westcoast's Fort Nelson Raw Gas Transmission System located in north-eastern British Columbia near Fort Nelson. The estimated cost of the facilities is \$48 million.

4. Section 58 Pipeline Applications

The Board has approved or is considering several applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometers in length. These matters may be considered by the Board without a public hearing.

Gas Pipelines

Alberta Natural Gas Company Ltd
Application dated 12 December 1994
Estimated Cost: \$2 623 000
Approved on 26 January 1995
Order Number: XG-A2-3-95

Alberta Natural Gas Company Ltd
Application dated 12 December 1994
Estimated Cost: \$720 000
Approved on 7 March 1995
Order Number: XG-A2-6-95

Blue Range Resources Corporation
Application dated 24 November 1994
Estimated Cost: \$75 000
Approved on 25 January 1995
Order Number: XG-B088-2-95

Foothills Pipe Lines Ltd.
Application dated 22 December 1994
Estimated Cost: \$886 000
Approved on 2 February 1995
Order Number: XG-F6-5-95

Foothills Pipe Lines Ltd.
Application dated 22 December 1994
Estimated Cost: \$1 100 000
Approved on 22 March 1995
Order Number: XG-F6-8-95

Westcoast Energy Inc.
Application dated 29 November 1994
Estimated Cost: \$48 000 000

Approved on 2 February 1995
Order Number: XG-W5-4-95

Westcoast Energy Inc.
Application dated 9 January 1995
Estimated Cost: \$18 000
Approved on 9 February 1995
Order Number: XG-W5-1-95

Westcoast Energy Inc.
Application dated 2 December 1994
Estimated Cost: \$63 547 000
Approved on 13 March 1995
Order Number: XG-W5-07-95

Westcoast Energy Inc.
Application dated 16 February 1995
Estimated Cost: \$460 000
Approved on 22 March 1995
Order Number: XG-W5-09-95

Oil Pipelines

Cochin Pipe Lines Ltd.
Application dated 11 November 1994
Estimated Cost: \$3 000 000
Approved on 3 March 1995
Order Number: XO-C18-6-95

Interprovincial Pipe Line Inc.
Application dated 19 September 1994
Estimated Cost: \$15 000 000
Approved on 9 February 1995
Order Number: XO-J1-01-95

Interprovincial Pipe Line Inc.
Application dated 16 September 1994
Estimated Cost: \$1 732 200
Approved on 9 February 1995
Order Number: XO-J1-02-95

Trans-Northern Pipelines Inc.
Application dated 15 December 1994
Estimated Cost: \$2 565 000
Approved on 2 February 1995
Order Number: XO-T2-3-95

Trans-Northern Pipelines Inc.
Application dated 24 November 1994
Estimated Cost: \$150 000
Approved on 10 March 1995
Order Number: XO-T2-4-95

Trans-Northern Pipelines Inc.
Application dated 15 December 1994
Estimated Cost: \$175 000
Approved on 10 March 1995
Order Number: XO-T2-5-95

Matters Under Consideration

5. Murphy Oil Company Limited - Pipeline Looping

On 31 March 1994, Murphy Oil applied for approval to construct 16.1 kilometres of pipeline looping known as the Milk River Pipeline Loop. The looping project would commence at Milk River, Alberta and would continue to the Alberta/Montana Border. The estimated cost of the project is \$4 million.

The application is currently under review.

6. Niagara Gas Transmission Limited - Jurisdiction Question

(Status unchanged, refer to the 1 January 1995 issue of the *Regulatory Agenda* under *Pipeline Matters*, item 8 on page 7)

7. Niagara Gas Transmission Limited - The Link Project

On 27 March 1995, Niagara Gas applied for approval to construct 10.2 kilometres of pipeline from the St. Clair River to the Tecumseh Compressor Station in Moore Township, Lambton County, Ontario and a metering facility at Tecumseh.

The proposed pipeline would have the capacity to transport up to 4.2 million cubic metres (150 million cubic feet) per day of natural gas to markets in eastern Canada and to the northeast United States. The estimated cost of the pipeline is \$12.4 million.

The application is currently under review.

8. Novacorp International (Canada) Ltd. and St. Clair Pipelines Limited - Pipeline Under the Detroit River

On 21 December 1994, the above-mentioned companies applied for an extension of a clause in Order XG-11-88 which required that the construction of the pipeline approved under the Order commence by 31 December 1989, later

extended to 31 December 1994. The clause in the Order has been extended four times previously as the connecting pipeline in the United States became the subject of legal proceedings which necessitated successive postponement of construction of the Canadian portion. Order XG-11-88 authorized the construction of a 660 metre long pipeline across the Detroit River. The pipeline is intended to provide an alternate source of gas for the National Steel Corporation plant in the state of Michigan.

Novacorp also applied for approval to transfer its rights and obligations under the Order to St. Clair. Novacorp and St. Clair have reached an agreement whereby St. Clair will build and operate the pipeline.

On 23 December, the Board extended the sunset clause until such time that it disposes of the current application.

On 26 January 1995, the Board sent a letter to the companies requesting additional information.

9. *St. Clair Pipelines Ltd. and Genesis Pipeline (Canada) Ltd. - Bluewater Joint Venture*

On 27 January 1995, St. Clair and Genesis applied for orders which would permit the following: (i) St. Clair to lease from Genesis a pipeline under the St. Clair River; (ii) Genesis to lease the Genesis line to St. Clair; (iii) St. Clair to convert the Genesis line from natural gas liquids to natural gas service; and, (iv) St. Clair to build and operate a 2.5 kilometre pipeline to connect the Genesis line to existing natural gas transmission facilities located near Sarnia, Ontario and belonging to Union Gas Limited.

On 7 March 1994, the Board sent a letter to the applicants requesting additional information.

10. *TransCanada PipeLines Limited - Pipeline Looping*

On 3 March 1995, TransCanada applied for approval to construct 39.8 kilometres of looping on the Western Section of its pipeline systems. The estimated cost of the project is \$42.5 million.

The applications is currently under review.

11. *Westcoast Energy Inc. - Pipeline Looping*

On 7 March 1995, Westcoast applied for approval to construct 39.4 kilometres of pipeline looping on its Southern Mainline system which extends from Willow Flats, British Columbia to the Canada/United States border near Huntingdon, British Columbia. The estimated cost of the project is \$74.1 million.

The application is currently under review.

12. *Westcoast Energy Inc. - Pipeline Looping*

On 29 March 1994, Westcoast applied for approval to construct 22.1 kilometres of pipeline looping on its Fort Nelson Mainline which extends from the Fort St. John Gas Plant to Westcoast's Compressor Station No. 2 at Willow Flats, British Columbia. The estimated cost of the project is \$33.2 million.

The application is currently under review.

13. *Westspur Pipeline Company Inc. - Transfer of Ownership of Pipelines*

On 23 August 1994, Westspur applied for approval to transfer ownership of some 300 pipeline segments, referred to as effluent lines, to its parent company, Producers Pipelines Inc. Interprovincial Pipe Line Inc. subsequently acquired the controlling interest in Producers, including Westspur.

The application is on hold pending review by Interprovincial.

14. *Yukon Pipelines Limited - Discontinuance of Operation*

(Status unchanged, refer to the 1 January 1995 issue of the *Regulatory Agenda* No. 51 under *Pipeline Matters* item 10 on page 7)

Traffic and Toll Matters

Matters Completed

1. *Secondary Market for Natural Gas Transportation Services*

On 2 February 1995, the Board released its decision with respect to the rules that govern the manner in which the rights to transportation service on natural gas pipelines are traded.

In July 1994 the Board made two proposals to industry for comment; (i) that all shippers who wish to sell their rights to transportation capacity to a third party be required to post the available capacity on pipeline-operated electronic bulletin boards and that the capacity be awarded to the highest bidder; and (ii) that an existing prohibition against selling capacity at prices above the regulated toll be abolished, allowing sales at whatever prices the market will bear.

The Board decided that it was not necessary at this time to impose a mandatory requirement that available capacity be posted. The Board noted that the secondary market has been working well without any regulatory oversight and that it should be allowed to continue to evolve according to the needs of the parties involved in this market. The Board also decided to remove the cap on selling rights to transportation capacity at prices above the regulated toll. Removal of the price cap will help to ensure that available capacity is allocated to shippers who value it most highly.

2. *Alberta Natural Gas Company Ltd - Revised Statement of Effective Rates and Charges Effective 1 January 1995*

On 19 January 1995, Alberta Natural filed a Statement of Effective Rates and Charges Effective 1 January 1995. The purpose of the filing was twofold: (i) to adjust the tolls by approximately \$5.4 million for over-collected cost in 1994 tolls; and, (ii) to reflect the roll-in of Pan-Alberta's Foothills Zone 8 costs into

Alberta Natural's cost of service with the result that Alberta Natural is now responsible for 100 percent of Foothills' Zone 8 costs.

On 2 February 1995, the Board ordered that the revised Statement of Effective Rates and Charges shall be effective from 1 January 1995 until the date that final tolls are approved by order of the Board.

(Refer to item 4 below.)

3. *Interprovincial Pipe Line Inc. - Negotiated Settlement*

(Refer to items 6 and 7 below and item 1 under *Hearing Application Withdrawn* on page 2)

On 22 March 1995, the Board approved an application dated 16 February 1995 from Interprovincial for approval of a negotiated settlement between the company and the Canadian Association of Petroleum Producers (CAPP) respecting an incentive toll methodology and associated tolls and tariffs. The settlement was the result of several months of negotiation between CAPP and Interprovincial and represents a global settlement of toll issues which is acceptable to all parties.

The approved settlement is based on incentive toll principles. The agreed-upon methodology is to form the basis for calculation of Interprovincial's revenue requirement indefinitely. The parameters have been established in the settlement to calculate the revenue requirement and the resulting tolls for the years 1995 - 1999 inclusive.

This settlement is the first negotiated toll settlement placed before the Board for consideration featuring incentive elements whereby the pipeline and toll payers share the benefits associated with the cost-savings achieved by the pipeline. It also contains a process for the sharing of benefits associated with revenue relat-

ed to higher than anticipated throughput.

In accordance with a proposal put forth in the application, the Board has agreed to resolve disputes which may arise under the settlement. Any such disputes however, will be decided on a case-by-case basis.

Matters Under Consideration

4. *CanWest Gas Supply Inc. - Complaint - Alberta Natural Gas Company Ltd's Revised Statement of Effective Rates and Charges Effective 1 January 1995*

(Refer to item 2 above.)

On 26 January 1995, CanWest filed a complaint with the Board stating that it had concerns with the arrangement between Pan-Alberta and Alberta Natural wherein the entire Foothills Zone 8 costs which are paid by Alberta Natural will be recovered by Alberta Natural from its shippers as "Transportation of Gas by Others". CanWest's concern is that Alberta Natural's shippers are being asked to bear an additional cost as a result of the arrangement with Pan-Alberta.

On 2 February 1995, the Board decided to seek comments from interested parties on the complaint.

5. *Foothills Pipeline Ltd. - Drawdown of Deferred Income Tax Balance*

Foothills provided the Board with a report, dated 30 September 1994, on the feasibility and financial impact of drawing down, all or a portion of, the company's deferred income tax balance. The report was filed in accordance with the Board's direction in the RH-1-93 Reasons for Decision. It is the Board's intention to initiate a written proceeding to consider this study after the release of the Board's decisions in the RH-2-94

Multi-Pipeline Cost of Capital hearing.

6. *Interprovincial Pipe Line Inc. - Monthly Surveillance Report*

(Refer to item 3 above.)

On 4 February 1994, Interprovincial applied to have the Board eliminate the requirement for Interprovincial to file monthly surveillance reports. On several occasions Interprovincial requested that the Board delay consideration of the application because it was reviewing the application with the Industry Task Force.

On 22 March 1995, the Board, as part of the approval of Interprovincial's Negotiated Settlement (refer to item 1 under *Hearing Application Withdrawn* on page 2) the Board approved the exemption from filing monthly surveillance reports.

7. *Interprovincial Pipe Line Inc. - Filing of Information as per the Negotiated Settlement*

(Refer to item 3 above.)

On 22 March 1995, the Board approved Interprovincial's Negotiated Settlement with the exception of the issue of the information to be provided by Interprovincial, for which Interprovincial sought specific approval in the application. In its decision on the settlement, the Board stated that "The latter is approved on an interim basis, pending further consideration by the Board. Before making a final determination, the Board will give all parties a chance to express their views on this issue, more specifically, with respect to the receipt and throughput information to be provided by IPL."

Other Matters

Safety Matters

Matters Completed

1. Documentation Audit Reports

The Board has adopted the Documentation Audit Reports for Monitoring Compliance with the *Onshore Pipeline Regulations* for the following companies:

Blue Range Resources Corporation - 7 March 1995

Champion Pipe Line Corporation Limited - 7 February 1995

Foothills Pipe Lines (south B.C.) Ltd. - 9 January 1995

Husky Oil Operations Limited - 9 January 1995

Trans Mountain Pipe Line Company Ltd. - 7 February 1995

Frontier Matters

1. Panarctic Oil Ltd - Abandonment of Gas Well Drake F-76

The Board is reviewing an application from Panarctic to abandon the offshore Drake F-76 gas well in the Northwest Territories. The Board has reviewed Panarctic's ice platform design for the abandonment and sent an information to Panarctic requesting further data.

2. Imperial Oil Resources Ltd. - Norman Wells Drilling Program

Imperial Oil reactivated its application for a Drilling Program Authorization for the Norman Wells field. The drilling program will be for 11 wells and is expected to start in the last quarter of 1995 and take approximately 18 months to complete. The Board is currently reviewing a response from Imperial to an information request from the Board.

Furthermore, the Board approved two applications from Imperial dealing with

pressure surveys and implied measurement of pumping wells.

3. Anderson Oil and Gas Inc. - Abandon a Kotaneelee Well

The Board is reviewing a preliminary proposal by Anderson to abandon the lower section of the Kotaneelee E-37 well in the Yukon Territory and to sidetrack the well. The Board provided feedback to Anderson's consultants on the proposal. A formal application is anticipated in the second quarter of 1995.

The Board requested that Anderson file a suspension or an abandonment program for the Kotaneelee I-27 well by 1 April 1995.

4. Shell Canada Limited - Wells Abandonment Program

The Board initiated a review of the preliminary documentation submitted by Shell regarding the abandonment of 11 wells in the Mackenzie Delta area. A formal submission is expected by May 1995 with the actual work to take place either during the winter of 1995/96 or the winter of 1996/97. Two of the wells are temperature observation wells used by the Geological Survey of Canada. The Geological Survey of Canada will be responsible for the financial aspects for the abandonment portion of these wells.

5. Yukon Abandonment Program

The Board provided a cost estimate to the Department of Indian Affairs and Northern Development for the abandonment of two orphaned wells, Exco et al West Park D-54 and Peel Plateau Eagle Plains No. 1, in the Yukon Territory. The Board sent a letter to Northern Cross (Yukon) Ltd. regarding the suspension status of the Socony Mobil WM Chance GO-8 well in the Yukon territory and advising that extension of suspended status beyond 1 September 1996 will require corrective action for this well.

6. Offshore Waste Treatment Guidelines and the Guidelines for the Use of Oil Based Drilling Muds

The joint government/industry review of the *Offshore Waste Treatment Guidelines* and the *Guidelines for the Use of Oil Based Drilling Muds* is ongoing. Publication of revised guidelines is planned for the Spring of 1995.

7. Environmental Studies Research Funds (ESRF)

The following reports under the ESRF are either completed or under completion:

1994 Annual Report. (The report was sent to the ministers of Natural Resources Canada and Indian Affairs and Northern Development on February 1, 1995 and copies were also sent to the Chairmen of the Nova Scotia and Newfoundland Offshore Petroleum Boards and board members of ESRF.)

ESRF Report No. 125, Long-Range Ice Forecasting System (LRIFS) Applied for the Beaufort Sea. (Will be distributed in April)

ESRF Report No. 130, Bibliography of Aquatic Oil Pollution Fate and Effects. (Will be distributed in April, on CD-ROM only.)

8. Information for the Public - Geophysical/Geological Operations on Frontier lands Regulated by the National Energy Board

In February 1995, the Board issued the above-mentioned document. The document is intended to provide information of a generic nature to oil and gas companies planning to conduct geological and geophysical operations regulated by the Board. The document provides an overview of the steps that a company must take in order to receive authorization to conduct an operation under Section 5 of the *Canada Oil and Gas Operations Act*.

Study

1. *Draft Report on Unconnected Gas Supply Reserves in Alberta*

On 16 January 1995, the Board released a draft report entitled *Unconnected Gas Supply Study, Phase I - Evaluation of Unconnected Reserves in Alberta*.

The draft study deals with unconnected gas reserves in the Western Canada Sedimentary Basin, in particular the characteristics and economic viability of a portion of the unconnected gas wells in Alberta. This report, which represents the first phase of the study, has two com-

ponents: (i) an examination of the 59 largest unconnected pools (500 million cubic metres Initial Marketable Reserves) in Alberta; and, (ii) a thorough investigation of all unconnected pools (2 514 pools) in a selected area in central Alberta. Subsequent phases of this study may extrapolate this analysis to the remainder of the basin.

The draft results from the Board's analysis indicate that 25 percent of the reserves in the largest unconnected pools should not be considered as remaining established reserves due to economic considerations. Additionally, 46 percent of the unconnected remaining esta-

blished reserves in the central Alberta area should not be considered as reserves, due largely to technical considerations.

How the draft results of this study can efficiently be integrated into the Alberta Energy and Utilities Board and the NEB Common Reserves Data Base is under active consideration. More importantly, the extrapolation of this work to the rest of the province will require further study which will be directed by the AEUB and NEB largely through the Joint Reserves Steering Group. This steering group deals with technical issues regarding AEUB/NEB reserves estimates.

Reviews and Appeals

Reviews

Reviews Completed

1. *Mouvement au Courant - Board's Reasons for Decision on Hydro-Québec Export Application*

On 11 January 1995, Mouvement au Courant applied for a review of the Board's Reasons for Decision of December 1994 granting approval to Hydro-Québec to export firm and interruptible electricity.

On 7 December 1994, the Board approved two 16-year electricity export permits to Hydro-Québec. The matter was dealt with by way of a written proceeding (refer to item 2 under *Electricity Matters* on page 4 of issue No. 51 of the *Regulatory Agenda* dated 1 January 1995).

Mouvement au Courant set out eight grounds for seeking a review of the decision and they are as follows:

- i) -the need for public hearings and equitable treatment;
- ii) -irregularities regarding public notification;
- iii) -letters of comments judged not receivable;
- iv) -absence of early public notification;
- v) -lack of supporting documentation;
- vi) -the determination of surplus electricity;
- vii) -dissemination of information by the Board; and
- viii) -collaboration with Hydro-Québec.

On 9 February 1995, the Board dismissed the application for review. The Board was of the view that the matters raised in the application are either answerable by reference to the record, or to general principles of administrative law, or were unsubstantiated. The Board considered that the Mouvement au Courant had failed to discharge the onus of proof imposed by law to raise a reviewable issue.

2. *Rocky Mountain Ecosystem Coalition (RMEC) - Review Various Gas Export Decisions*

On 22 January 1995, RMEC filed an appli-

cation for the Board to review its decisions on nine previous hearings on applications for natural gas export licences.

The grounds for review was the result of the publication by the Board of a draft report on 16 January 1995 entitled *Unconnected Gas Supply Study: Phase I Evaluation of Unconnected Reserves in Alberta*. RMEC stated that "the Board's report on unconnected reserves constitutes significant new information which had it been available at any of the gas export hearings, may have caused the Board to arrive at substantially different decisions. The second ground asserted was possible violation of procedural fairness and an allegation of an abuse of discretion by the Board during the GH-3-94 gas export hearing. RMEC stated that "RMEC is concerned particularly in light of the Board's dismissal of the RMEC motion to allow cross examination of the Board's technical staff, that the Board wilfully suppressed the information contained in the report until after the Hearing was completed and their decision issued."

On 9 February 1995, the Board dismissed the application for review. The Board noted that RMEC did not participate, and therefore lacked standing as a party in seven of the proceedings requested to be reviewed. The Board also found that RMEC had failed to discharge the onus of proof imposed by law to show why the remaining two decisions ought to be declared reviewable.

Appeals

Appeals Pending

1. *Manitoba Hydro - Application for Leave to Appeal the Board's*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

2. *Rocky Mountain Ecosystem Coalition - Natural Gas Export Hearing GH-3-94*

On 30 December 1994, RMEC filed an application for leave to appeal the November 1994 decision of the Board granting natural gas export licences to the applicants.

On 30 March 1995, the Federal court of Appeal denied the application for leave to appeal. (Refer to item 2 under *Reviews completed* above.)

3. *The Grand Council of the Crees (of Quebec) and The Cree Regional Authority v. Hydro-Québec and the National Energy Board*

On 3 January 1995, the Grand Council and the Cree Authority filed for leave to appeal to the Federal Court of Appeal the Board's decision released on 7 December 1994 regarding an export application by Hydro-Québec. In brief, the grounds for appeal are:

- i) the Board does not have jurisdiction to make this decision and to issue a "blanket" permit;
- ii) the Board refused to exercise its jurisdiction under the Environmental Assessment and Review Process Guidelines Order;
- iii) the Board acted improperly and in breach of the rules of natural justice and procedural fairness by making known in advance to Hydro-Québec that it was prepared to issue "blanket" permits" even though no opportunity for third parties to intervene was provided; and
- iv) the Board made a mistake of law and jurisdiction in determining that carrier transfers do not fall with the definition of "export" in the NEB Act.

Amendments to Regulations

Amendments to the Board's regulations completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

On 6 May 1994, the Board issued a draft of the *Onshore Pipeline Regulations* for comment by interested persons.

The Regulations specify the requirements for the protection of property and the environment and safety of the public and company employees in the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

Parties had until 6 July 1994, later extended to 22 July 1994 to comment on the proposed Regulations. The Board is currently reviewing the comments received.

On 30 March 1994, the Board approved, for submission to the Privy Council Office - Justice, some housekeeping amendments to the Regulations. The amendments are aimed at (i) incorporating the new CSA Z662-94 "*Oil and Gas Pipeline Systems*" standard (in place of the outdated CSA Z183 "*Oil Pipelines systems*" and CSA Z184 "*Gas Pipeline Systems*" standards); and, (ii) eliminating overlap with the leave to open material contained in the Board's new *Guidelines for Filing Requirements* dated 22 February 1995.

2. Offshore Pipeline Regulations

The *Offshore Pipeline Regulations* specify the requirement for the protection of property and the environment and the safety of the public and the company's employees in the design, construction, operation and abandonment of an offshore pipeline.

The Regulations require further review with respect to amendments to the *Onshore Pipeline Regulations* and integration of frontier activities into the Board.

3. National Energy Board Part VI Regulations

On 24 February 1995, the Board distributed for comment its proposed amendments to the *Part VI Regulations*. They will be pre-published in Part I of the *Canada Gazette* shortly. The Regulations were revised taking into consideration the comments received from interested persons on a previous draft and the Board made further changes to the regulations as a result of new circumstances and policies. Industry and members of the public will have 30 days to comment on these Regulations once they are published. The Governor in Council will then be in a position to make the Regulations.

4. Electricity Regulations

On 30 March 1995, the Board approved, for submission to the Privy Council Office - Justice, the draft *Electricity Regulations*.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the *Part VI Regulations* and parts of *Schedule II of the draft Rules of Practice and Procedure*.

5. Export and Import Reporting Regulations

On 24 February 1995, the Board distributed for comment its proposed *Export and Import Reporting Regulations*. They will be pre-published in Part I of the *Canada Gazette* shortly. The proposed Regulations would require companies exporting oil, natural gas, or power, or importing natural gas to pro-

vide certain information to the Board. The information is similar to that currently required by the *Part VI Regulations*.

The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

Industry and members of the public will have 30 days to comment on these Regulations once they are published. The Governor in Council will then be in a position to make the Regulations.

6. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act made in 1983, draft regulations were prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from Justice, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These Regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

These regulations were not promulgated at the time because the government had started a broad review of its policy with respect to international power lines.

Subsequent to the government review, the Board, on 6 April 1994, issued for public comment a revised draft of the *International Power Line Crossing Regulations* which also implemented amendments to the NEB Act promulgated in 1990. Comments were due on 6 May 1994. No comments were received. The Regulations were submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice the Regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. The Governor in Council will then be in a position to make the Regulations.

7. Rules of Practice and Procedure

The Rules were revised taking into account the comments received from interested parties. The Rules have been approved by the Department of Justice and the Board and will be published in the *Canada Gazette* once the Part VI and the Reporting Regulations are finalized.

On 6 February 1995, amendments to the Rules were published in Part II of the *Canada Gazette*. The amendments, among other housekeeping matters, revoked the schedules to the existing rules because the Board has published its *Guidelines for Filing Requirements* (refer to *Administrative Matters* on page 14).

8. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*,

proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have been pre-published in Part I of the Canada Gazette

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations - Amendments
Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Petroleum Installations Regulations
Nova Scotia Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum Drilling Regulations - Amendments
Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)
Nova Scotia Offshore Area Petroleum Production and Conservation Regulations
Nova Scotia Offshore Area Petroleum Geophysical Regulations

Regulations which have been published in Part II of the Canada Gazette

Newfoundland Offshore Petroleum Installations Regulations
Newfoundland Offshore Area Petroleum Diving Regulations - Amendments
Newfoundland Offshore Certificate of

Fitness Regulations
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Newfoundland Offshore Area Petroleum Production and Conservation Regulations
Newfoundland Offshore Area Petroleum Geophysical Regulations

Regulations being drafted

Canada Oil and Gas Occupational Safety and Health Regulations - Amendments
Canada Offshore Oil and Gas Drilling Regulations - Re-structuring
Canada Oil and Gas Production and Conservation Regulations - Amendment
Nova Scotia Offshore Spills and Debris Regulations
Newfoundland Offshore Area Petroleum Occupational Safety and Health Regulations
Nova Scotia Offshore Area Petroleum Occupational Safety and Health Regulations

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Guidelines for Filing Requirements

On 22 February 1995, the Board issued its final version of the Guidelines for Filing Requirements. The Board, as part of its changes to the *National Energy Board Rules of Practice and Procedure*, removed the filing requirements from the Rules and issued them separately as guidelines. This will allow greater flexibility to the Board to reflect policy and other changes in filing requirements. Certain other filing requirements, previously contained in other documents have been included. Specifically, the filing requirement from: *the Early Public Notification Memorandum of Guidance*; *the Guidelines for the Preparation of Regional Socio-Economic Impact Assessments*; *the Onshore Pipeline Regulations* with respect to leave to open; and, *the Memorandum of Guidance for Short-term Gas Export Orders*.

The Guidelines for Filing Requirements set out the information to be provided by applicants for:

- Early public notification of projects;
- Certificates for gas pipelines exceeding 40 kilometres;
- Certificates for oil pipelines exceeding 40 kilometres;
- Section 58 orders for gas pipelines under 40 kilometres or additions and upgrade to existing facilities;
- Section 58 orders for oil pipelines under 40 kilometres or additions and upgrade to existing facilities;
- Environmental, socio-economic and lands information for authorization to construct, operate and abandon pipelines;
- Notices required when dealing with determination of detailed route and approval;
- Leave to open orders for pipelines;
- Orders fixing tolls and tariffs;
- Quarterly surveillance reports to be filed by Group 1 companies; and,
- Orders for export and import of gas.

The *Guidelines for Filing Requirement* became effective on 22 February 1995. The Schedule revoking the schedules to the *National Energy Board Rules of Practice and Procedures* was published in Part II of the *Canada Gazette* on 22 February 1995.

Electronic Regulatory Filing (ERF)

In October 1994 a joint NEB/industry committee was formed to address the need for Electronic Regulatory Filing (ERF) Document Interchange Standards. That group has met monthly and has made solid progress toward resolving the issue. A standards workplan, to be carried out over the coming year, was endorsed by the External ERF Implementation Committee at its 27 March 1995 meeting. Some of the key features of the workplan are the development of standardized document designs for pipeline company submissions using Standard Generalized Mark Up Language (SGML), various document exchange pilots, and the drafting of an "Implementation Guideline" by January 1996 to assist outside parties in preparing for and participating in ERF.

Within the Board, preparation for ERF implementation is underway, and a major design contract will be let this summer. Implementation is expected to follow, phased in over two to three years, commencing in 1996. For more information, please call the ERF Project Manager, Brenda Kenny, at (403) 299-3565.

Advisory Panel on Regulatory Review - Board Action

The following is a final status report on the specific actions taken by the Board following recommendations on regulatory reform made by the Minister's Advisory Panel on Regulatory Review in October 1993. Through the actions described in the following, all of the recommendations have been dealt with.

RECOMMENDATION 1: *The Guidelines for the Filing of Information by Companies Applying for Certificates of Public Convenience and Necessity should be revised with new information requirements and guidelines issued following public consultation; the process should take cognizance of information formats consistent with industry practice; the need to differentiate information requests by type and complexity of application; and requirements should specify only essential information rather than information that is "nice-to-have".*

On 22 February 1995, after public consultation, the Board issued its final version of the *Guidelines for Filing Requirements* which, among other filing requirements, sets out the information to be provided by applicants for:

- Early public notification of projects
- Certificates for gas pipelines exceeding 40 kilometres
- Certificates for oil pipelines exceeding 40 kilometres
- Section 58 orders for gas pipelines under 40 kilometres or additions and upgrade to existing facilities
- Section 58 orders for oil pipelines under 40 kilometres or additions and upgrade to existing facilities
- Environmental, socio-economic and lands information for authorization to construct, operate and abandon pipelines
- Notices required when dealing with determination of detailed route and approval
- Leave to open orders for pipelines

RECOMMENDATION 2: *The Guidelines for the Preparation of Regional Socio-Economic Impact Assessments for Gas or Oil Pipeline Projects should be reviewed with industry and other interested parties to reflect new developments and take into account the requirements of related new legislation; the process should take*

into account full cost/benefit analysis and work to avoid overlap and duplication with other statutory requirements.

On 22 February 1995, the Board issued its final version of the *Guidelines for Filing Requirements* which, among other things, included:

Environmental, Socio-Economic and Lands Information Required to be Filed by an Applicant for Authorization to Construct, Operate and Abandon Pipelines.

RECOMMENDATION 3: *Revisions to the International Power Line Crossing, Construction and Abandonment Regulations should proceed with a further round of industry and stakeholder consultations prior to their being implemented; the process should work to avoid duplication, reduce the complexity of the process for utilities, shorten the Board's response time and take into account existing industry construction/operation and worker safety standards.*

On 6 April 1994, the Board issued for public comment a draft of the *Power Line Crossing Regulations*. Comments were due on 6 May 1994. No comments were received. The regulations were submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice the regulations will be pre-published in the *Canada Gazette* at which time industry and members of the public will be given 30 days to comment on them. Then the regulations will be promulgated.

RECOMMENDATION 4: *Draft NEB Electricity Regulations dealing with International Power Lines should not be published in the Canada Gazette before a further round of consultations with the affected industries; a Memorandum of Guidance respecting these changes should be issued as quickly as possible; and on the issue of system reliability, the NEB should become involved by exception only since industry self-regulation is the most effective means to achieve this objective.*

On 30 March 1995, the Board approved, for submission to the Privy Council

Office - Justice, the draft *Electricity Regulations*.

On 7 July 1993, the Board issued a Memorandum of Guidance respecting changes to the processing procedures for international power lines and electricity export applications. On 14 June 1994, the Board amended the 7 July Memorandum of Guidance (refer to issue No. 50 of the *Regulatory Agenda* under item 2, page 4, *Energy Commodity Matters, Electricity, Matters Completed*).

RECOMMENDATION 5: *Guidelines on the Environmental Information Required With Applications for Certificates for International Power Lines should clarify the fact that these regulations apply only in cases where applicants elect to have federal (rather than provincial) laws apply.*

The clarification that the *Guidelines on the Environmental Information Required with Applications for Certificates for International Power Lines* applies only in cases where applicants elect to have federal (rather than provincial) laws apply was incorporated in the Guidelines which are contained in Appendix IV to the 7 July 1993 Memorandum of Guidance, as amended on 14 June 1994 (refer to issue No. 50 of the *Regulatory Agenda* under item 2, page 4, *Energy Commodity Matters, Electricity, Matters Completed*).

RECOMMENDATION 6: *Toll Information Regulations should be reviewed, and full consultations undertaken, with a view to determine if information could be presented in more effective formats; if electronic means could be utilized for filing; and if changes to the frequency of filing can be considered; the regulations would be revised as required by the results of this review.*

On 4 October 1993, the Board issued for comment to the Group 1 companies and other interested persons a paper outlining proposed modifications to the content and format of the Group 1 com-

panies surveillance reports to determine if the information provided by the companies in these reports could be presented in a more effective manner. On 16 February 1994, the Board issued a Memorandum of Guidance providing revised guidelines for the preparation of surveillance reports. No amendments to the *Toll Information Regulations* were proposed.

With respect to electronic means for filing, the Board has decided to proceed with the implementation of an Electronic Regulatory Filing system over a three to four year period (refer to Electronic Regulatory Filing on page 14).

RECOMMENDATION 7: *The extensive stakeholder consultation process related to Incentive Regulation should continue, perhaps including an examination of the potential for negotiated settlements; the NEB should consider encouraging other jurisdictions and authorities to adopt the incentive regulations initiative as well.*

The Board held a public hearing from 24 October to 20 December 1994 on the cost of capital for Group 1 pipeline companies under its jurisdiction (refer to item 1 under *Hearings Decisions Pending* on page 1).

On 23 August 1994, the Board issued revised *Guidelines for Negotiated Settlements of Traffic, Tolls and Tariffs*.

RECOMMENDATION 8: *Guidelines for the Filing of Information by Oil Pipelines and Gas Pipelines Applying for An Order Fixing Tolls and Tariffs should be reviewed to determine if information requirements could be streamlined and improved; full consultation with interested parties should take place as part of that review with guidelines updated as required by the results of the process.*

On 22 February 1995, the Board issued its final version of the *Guidelines for Filing Requirements* which, among other things, included:

Information Required to be Filed by a Pipeline Company Applying for an Order Fixing Tolls or Tariffs.

RECOMMENDATION 9: Pipeline Arbitration Committee Procedure Rules should be retained without further review.

The Board supported that recommendation and no action is required.

RECOMMENDATION 10: NEB Pipeline Crossing Regulations should be reviewed with full stakeholder consultations, including landowner and provincial authorities; this process should strive towards the development of more consistency with other technical regulations, with the potential result that regulations and their wording could be identical across all jurisdictions.

A liaison group has been established, consisting of a Board coordinator and representatives from provincial bodies responsible for pipeline crossings, to study pipeline crossing requirements and how they can be made consistent.

RECOMMENDATION 11: Memorandum of Guidance on NEB Regulatory Procedures and Information Requirement for Applicants Filing for Short-Term Gas Export Orders and Long-Term Gas Export Licences should be updated in consultation with affected parties.

On 22 February 1995, the Board issued its final version of the *Guidelines for Filing Requirements* which, among other things, included:

Information Required to be Filed by an Applicant for an Order Pursuant to the Act to Export or Import Gas.

RECOMMENDATION 12: Draft electricity regulations (re: electricity exports) should be issued as quickly as possible in order to advise the industry of changes to the Board's information filing requirements; a full consultation round will take place following the established process; a revised

Memorandum of Guidance will be released outlining all the changes to the electricity export and international power lines applications.

Refer to Recommendation 4.

RECOMMENDATION 13: The Pipeline Companies' Records Reservation Regulations should be revoked.

The Regulations were revoked on 11 May 1993.

Speeches

Canadian Oil Supply Outlook, a presentation by Brian Bowers, Senior Engineer, Crude Oil Supply to the CERI Crude Oil Markets Conference in Calgary, Alberta on 30 and 31 January 1995.

The Use of Risk Assessment and Risk Management in Pipelines, a presentation by John McCarthy, Director, Engineering Branch to the First National Oil and Gas Technical Conference held in Calgary, Alberta on 26 to 29 March 1995.

Board Organization and Staff

On 3 February 1995, **Kenneth Vollman** was appointed Vice-Chairman of the Board. **Mr. Vollman** joined the Board in 1973 as a staff engineer. **Mr. Vollman** held several positions in the Board until he was appointed a Temporary Member of the Board in 1988. **Mr. Vollman** was appointed Permanent Member in June 1993.

On 28 February 1995, **Céline Bélanger** resigned as a Board Member to take up the Chair of the Alberta Energy and Utilities Board. **Ms. Bélanger** was appointed Member of the Board on 1 January 1990.

On 21 February 1995, **Judith Snider**, the Board's General Counsel and Director of its Law Branch, was appointed a Temporary Member of the Board for a period of six months. **Ms. Snider** will remain as General Counsel to the

Board but not as Director of the Law Branch. **Peter Noonan** will be Acting Director of the Branch for the first three months and **Judith Hanebury** for the last three months of **Ms. Snider's** appointment.

Reports and Documents Issued - 1 January to 31 March 1995

Reasons for Decision

Foothills Pipe Lines (Alta.) Ltd. - Facilities Application - Wild Horse Pipeline - GH-4-94

Reports

Unconnected Gas Supply Study, Phase I - Evaluation of Unconnected Reserves in Alberta - January 1995

Information for the Public - Geophysical/Geological Operations on Frontier Lands Regulated by the National Energy Board - February 1995

Environmental Studies Research Fund 1994 Annual Report

National Energy Board 1994 Annual Report (19 April)

ESRF Report No. 125, Long-Range Ice Forecasting System (LRIFS) Applied for the Beaufort Sea. (Will be distributed in April)

ESRF Report No. 130, Bibliography of Aquatic Oil Pollution Fate and Effects. (Will be distributed in April, on CD-ROM only)

Others

Secondary Market for Natural Gas Transportation Services

Guidelines for Filing Requirements - 22 February 1995

Revised Part VI Regulations and Export and Import Reporting Regulations - For comment - 24 February 1995

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Electronic Bulletin Board

Bulletin Board System 299-2751
Bulletin Board System
Helpline 9:30 to 10:30 a.m. (MT)
299-3919

The bulletin board is available around the clock, with the exception of specified hours for data loading or occasional system upgrades. Bulletin board users can obtain news releases and hearing orders, regulatory agenda, appendices to the Annual Report and selected oil and gas statistics in electronic format. All information will be posted in both official languages. A user guide with instructions is available for reference. Users should set their communications software to:

- 300, 1200, 2400, 9600, 14 400 or 16 800 bps;
- full duplex;
- no parity;
- eight data bits; and
- one stop bit.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-to, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual Report only
- L7: News Releases only
- L8: Regulatory Agenda only
- L9: Environmental matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

APPENDIX I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	05
Pipeline	25	(iv) Tolls	
Power Line	20	Class I and II Adjustments	20
(ii) Export Licence		Interim Orders	20
Natural Gas	25	Operating and Maintenance Budgets	20
Electricity	20	Changes in Depreciation Rates	20
(iii) Tolls	25	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	20	New or Changed Tariffs	20
(b) Non-Hearing Matters		Domestic Gas Sales Contracts and Amendments	20
(i) Natural Gas		Amendments to Tariff Orders	20
Export Orders	20	(v) Pipelines and Power Lines	
Orders for Transmission Access	20	Permits	15
Licence Amendments	20	Exemption Orders Pipelines (Sec. 58)	20
Amendments to Export Contracts	20	Certificate Amendments	20
Licence Revocations	20	Leave to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	20
Permits	15	(vi) Other	
Licence or Permit Amendments	15	Application for Review	20
Licence or Permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403) 292-4800; Fax (403) 292-5503.

APPENDIX II

Selected List of Telephone Numbers

(Area Code 403)

General Information	292-4800
Incident Reporting Number	1-800-632-1663
Bulletin Board System	1-800-NEB-1-ONE
Bulletin Board System Helpline	299-2751
9:30 to 10:30 a.m. (MT)	299-3919

BOARD MEMBERS

Chairman	Roland Priddle	299-2724
Chairman's Assistant	Esther Binder	299-2725
Secretary	Carmen Morin	299-2726
Vice-Chairman	Kenneth Vollman	299-2730
Secretary	Lillian Handelman	299-2741
Member	Anita Côté-Verhaaf	299-2739
Secretary	Lillian Handelman	299-2741
Member	Roy Illing	299-2729
Secretary	Mona Butler	299-2728
Member	Robert Andrew	299-2736
Secretary	Mona Butler	299-2728
Temporary Member	Judith Snider	299-2737
Secretary	Lorraine Welsh	299-2734

EXECUTIVE DIRECTOR

Executive Director	Gaétan Caron	299-2700
Admin. Assistant	Jan Dane	299-2701

OFFICE OF THE SECRETARY

<i>Secretary</i>	Scott Richardson	299-2711
Admin. Coordinator	Rita Bargetzi	299-2715
Secretary	Josée L'Heureux	299-2712
A/Assistant Secretary, Regulatory	Michel Mantha	299-2714
A/Assistant Secretary, Communications	Vacant	299-2713
Communications Officer	Denis Tremblay	299-2717
Communications Officer	Ross Hicks	299-3930
Communications Officer	Ruth Grenville	299-2719
Manager, Library	Helen Booth	299-3562
Library, Information		299-3561
General Information and Board Distribution Centre		292-4800

FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY BRANCH

<i>Director</i>	Jim Klotz	299-3684
Secretary		299-3692
<i>Manager, User Services</i> (Information Technology)	Ken Wing	299-3602
<i>Project Manager, Electronic</i>		
Regulatory Filing	Brenda Kenny	299-3565
<i>A/Manager, Network Management</i>	Stephen Buszowski	299-3604

PERSONNEL BRANCH

<i>Director</i>	Jim Thompson	299-3694
Secretary	Sylvie Joanisse	299-3695

ECONOMICS BRANCH

<i>Director</i>	John Hayward	299-2757
A/Secretary	Colleen Holt	299-3629
<i>Economics and Energy Analysis Division</i>		
Manager	Bob Modray	299-3157
<i>Regulatory Economics Division</i>		
Manager	Glenn Booth	299-3621

ENERGY COMMODITIES BRANCH

<i>Director</i>	Raymond Choy	299-3189
Secretary	Linda Byers	299-3185
<i>Electric Power</i>		
Manager	Ivan Harvie	299-3165
<i>Gas Export</i>		
Manager	Cliff Brown	299-3190
<i>Gas Market Analysis and Export Surveillance</i>		
Manager	Sandra McDonough	299-3186
<i>Transportation and Oil Exports</i>		
Manager	Hans Pols	299-3195

ENERGY RESOURCES BRANCH

<i>Director</i>	Graham Campbell	299-3102
Admin. Coordinator	Janet Soucy	299-3517
Secretary	Pat Cormier	299-3103
<i>Crude Oil, NGL and Coal Supply Division</i>		
Manager	Gerrit Hos	299-3120

Natural Gas Supply Division

Manager	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Manager	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

Manager	Bruce Young	299-3147
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Special Advisor, Energy Resources

Giles Morrell		299-3117
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ENGINEERING BRANCH

Director	John McCarthy	299-2766
Admin. Coordinator	Cecilia Cupido	299-2752
Secretary	Eileen McLeod	299-2758

Development Engineering and Group II Pipelines

Manager	Terry Baker	299-2792
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Safety Audit

Manager	Franci Jeglic	299-2774
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Accident Investigation

Manager	Jake Abes	299-2777
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Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta Natural Gas and Cochin

A/Manager	Brian Fowler	299-2761
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Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans Mountain and Trans-Northern

A/Manager	Paul Trudel	299-2768
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Regulatory Development and Safety Studies

A/Manager	Robert Power	299-2769
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ENVIRONMENT BRANCH

Director	Ken Sato	299-3675
Admin. Coordinator	Paulette Richard	299-3680
Secretary	Geraldine Metcalfe	299-3676

Biological Sciences Division

Manager	Jim McComiskey	299-3677
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Physical Sciences Division

Manager	Oleh Mycyk	299-3678
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Operations Emergency Response and Financial Liability Division

Manager	Jim Anderson	299-3682
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Socio-Economics and Lands

A/Manager	William Ostafichuk	299-3671
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Environmental Studies Research Funds

Manager	Brian Nesbitt	299-3679
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FINANCIAL REGULATION BRANCH

A/Director	Robert Tarvydas	299-3646
Secretary	Bette Schock	299-3648

Interprovincial Pipe Lines, Trans-Northern Pipelines, Alberta Natural Gas, Foothills Pipe Lines

A/Manager	Bill Hopkins	299-3652
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Westcoast Energy Inc., Trans Mountain Pipe Line and Cochin Pipe Lines

Manager	Albert Fung	299-3662
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TransCanada PipeLines, Gazoduc T.Q.M. and Interprovincial (NW)

Manager	Steve Brown	299-3653
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LAW BRANCH

General Counsel	Judith Snider	299-2737
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A/Director	Peter Noonan	299-3552
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Secretary	Susan Gudgeon	299-2704
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Counsel	Judith Hanebury	292-6497
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Secretary	Susan Gudgeon	299-2704
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Counsel	Margery Fowke	299-2708
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Counsel	George Lepine	299-2707
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Secretary	Judy Kelso	292-6540
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Counsel	Boris de Jonge	292-6495
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Counsel	Irene Gendron	299-2709
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Counsel	Christine Beauchemin	292-6489
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Secretary	Elizabeth Arden	292-6540
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PROFILE

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments to the NEB Act have been passed formally transferring certain frontier oil and gas regulatory functions to the National Energy Board. As a result, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act now encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

National Energy Board
311 Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

CAI
MT76
-R21

Regulatory Agenda

Issue No. 53 (The period covered in this Regulatory Agenda is 1 April to 30 June 1995) 1 July 1995

Applications Considered by Oral Hearing

Recent Hearing Decisions

1. *Multi-Pipeline Cost of Capital Hearing - RH-2-94*

Reasons for Decision dated March 1995; issued on 11 April 1995.

The Board issued its decision regarding a public multi-pipeline hearing on the cost of capital (rate of return on common equity and capital structure). The pipeline companies subject to the hearing were Alberta Natural Gas Company Ltd, Foothills Pipe Lines Ltd, TransCanada PipeLines Limited, Trans Quebec & Maritimes Pipelines Inc., Westcoast Energy Inc. and Trans Mountain Pipe Line Company Ltd. Two of the pipelines in the original hearing order, Interprovincial Pipe Line Inc. and Trans-Northern Pipelines Inc., reached negotiated settlements prior to the issuance of the decision and were thus discharged or exempted from the hearing.

The Board concluded that, for 1995, a rate of return on common equity of 12.25 percent was appropriate for a benchmark pipeline. The Board further determined that it was appropriate to apply the benchmark rate of return on common equity to each pipeline subject to the proceeding.

The Board found that, effective 1 January 1995, a deemed common equity ratio of 30 percent is appropriate for TransCanada, Foothills, ANG and

TQM. The Board also found a deemed common equity ratio of 35 percent appropriate for Westcoast and a deemed common equity ratio of 45 percent appropriate for TMPL.

The Board found that an automatic adjustment mechanism to make yearly adjustments to the approved rate of return on common equity was appropriate. The Board's adjustment mechanism, to apply from 1996 onwards, is based on forecast yields for 10-year Government of Canada bonds published in Consensus Forecasts (Consensus Economics Inc., London England), adjusted to reflect the yields on 30-year Government of Canada bonds. Changes in the rate of

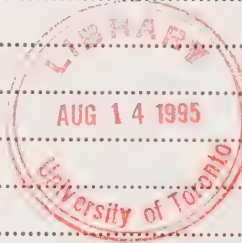
return on common equity will be 75 percent of the year over year changes in bond yield forecasts.

The Board was of the view that the adjustment mechanism should prove robust over a wide range of economic circumstances and therefore did not set a time limit or bond yield forecast boundary for the operation of the rate of return on common equity adjustment mechanism. Similarly, the Board did not set any time limit on the deemed capital structures.

The Board held 29 days of hearing on this matter in October, November and December 1994 in Calgary.

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National
Energy Board



Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda..



2. *TransCanada PipeLines Limited - 1995 Tolls - RH-3-94*

Reasons for Decision dated March 1995; issued on 12 April 1995.

The Board issued its decision setting new tolls to be charged by TransCanada for transportation of natural gas to Canadian and United States markets, effective 1 January 1995.

The Board accepted a number of toll and tariff issues that had been previously resolved by a joint industry task force.

The Board approved a 1995 revenue requirement of \$1.75 billion. As a result of the decisions taken in RH-2-94 (see item 1 above), the Board also approved a rate of return on common equity of 12.25 percent. For 1995, TransCanada had applied for a rate of return of 13 percent. The previously approved rate for 1994 was 11.25 percent.

The decision results in a firm service toll to the Eastern Zone of the TransCanada system of 90.47 cents per gigajoule. This can be compared to the toll of 86.32 cents per gigajoule approved by the Board for 1994 and the applied-for toll of 91.87 cents per gigajoule.

The Board held five days of hearing on the application in January 1995 in Calgary.

3. *Interprovincial Pipe Line Inc. - Apportionment of Pipeline Capacity - MH-1-95*

Reasons for Decision dated April 1995; issued on 25 April 1995.

The Board approved new apportionment procedures for Interprovincial's pipeline system effective 27 April 1995.

The Board's approval was based on a proposal by the Canadian Association of Petroleum Producers and the Petroleum Shippers Group. The proposal had two

principal elements: a non-performance penalty of \$1.36 per barrel and a force majeure clause that would excuse shipper non-performance only in the case of certain defined events.

The Board varied both elements of the proposal by increasing the non-performance penalty to \$17.00 per cubic metre (approximately \$2.70 per barrel), and narrowing the force majeure clause.

The Board directed Interprovincial to publish, on a monthly basis, a list of all force majeure claims including: the shipper's name; the volume affected; the amount of non-performance penalties related to all disputed and undisputed force majeure claims; and, a status report of disputed claims.

The Board also approved the establishment of a non-performance penalty deferral account. The account will operate in the manner set out by Interprovincial in its evidence.

The Board directed Interprovincial to publish, on a monthly basis, by shipper, total nominations, allocated volume and actual shipments until such time as the Board directs otherwise. The information will be published in an aggregate format to address confidentiality and shall not include injection and delivery points.

The Board held five days of hearing on this matter in April 1995 in Calgary.

4. *Westcoast Energy Inc. - Fort St. John Expansion Project - GH-5-94*

Reasons for Decision dated May 1995; issued on 29 May 1995.

The Board dismissed an application by Westcoast relating to the expansion of the Fort St. John, British Columbia natural gas gathering system and the construction of a new gas treatment plant. The Board decided it did not have jurisdiction over the proposed gathering and processing facilities. The decision is confined to the disposition of that appli-

cation and should not be construed as a decision with respect to the Board's jurisdiction over Westcoast's existing gathering and processing facilities.

Westcoast had applied for approval to expand its Fort St. John gathering system and building a new plant at Aitken Creek which would be capable of processing 9.05 million cubic metres (320 million cubic feet) per day.

The Board held 20 days of hearing on the application in February and March 1995 in Fort St. John and Vancouver.

5. *Westcoast Energy Inc. - Southern Mainline and Fort Nelson Mainline Looping - GH-2-95*

Decision announced from the bench on 22 June 1995; Reasons for Decision dated 28 June 1995.

The Board approved two applications by Westcoast to construct four loops on its natural gas pipeline transmission system in British Columbia.

The Board approved the construction of 39.4 kilometres (23.6 miles) of pipeline looping on Westcoast's Southern Mainline system. The loops will increase capacity on the line by approximately 2.5 million cubic metres (88 million cubic feet) per day to approximately 53.7 million cubic metres (1.9 billion cubic feet) per day. The estimated cost of the project is \$74.1 million.

The Board also approved the construction of 22.1 kilometres (13.3 miles) of pipeline looping on Westcoast's Fort Nelson Mainline. The loop will increase capacity on the line by approximately 1.7 million cubic metres (60 million cubic feet) per day to approximately 31.8 million cubic metres (1.1 billion cubic feet) per day. The estimated cost of the project is \$33.2 million.

The Board held four days of hearing on the applications in June 1995 in Vancouver.

Hearing Decisions Pending

1. *Westcoast Energy Inc. - 1995 Tolls - RH-5-94*

The Board held a public hearing from 24 April to 2 May 1995 in Vancouver on an application by Westcoast for new tolls it may charge for service on its natural gas transmission system effective 1 January 1995.

Westcoast requested an eight percent increase in tolls from those charged in 1994. The Company, in estimating its 1995 cost of service, used a rate of return on common equity of 13 percent. The capital structure utilized in the application includes a common equity component of 35 percent, which is unchanged from 1994. These two issues were examined in the Multi-Pipeline Cost of Capital hearing (refer to item 1 under *Recent Hearing Decisions* on page 1).

2. *Gas Export Hearing - GH-1-95*

The Board held a public hearing from 29 May to 6 June 1995 in Calgary to consider applications from Brooklyn Navy Yard Cogeneration Partners, L.P. and Renaissance Energy Ltd. for licences to export natural gas.

Brooklyn Navy Yard requested a five-year extension to its Licence GL-232 to export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario. The natural gas would be used to fuel a cogeneration facility to be constructed by Brooklyn Navy Yard in Brooklyn, New York.

Renaissance requested a nine-year licence to export some 79 300 cubic metres (2.8 million cubic feet) of natural gas per day at Niagara Falls, Ontario. The natural gas would be delivered to Renaissance Energy (U.S.) Inc. who in turn would sell it to Delmarva Power & Light Company, a local distribution company in Wilmington, Delaware.

Hearings Scheduled

1. *Foothills Pipe Lines Ltd. - Tolls - RH-1-95*

The Board will hold a public hearing commencing on 11 September 1995 in Calgary to consider whether it is appropriate to draw down the deferred taxes of Foothills, and if so, to what extent and over what period of time. Foothills' balance of deferred income taxes was frozen at approximately \$135.8 million, effective 1 January 1992, when the Board approved a change in methodology for income taxes in Foothills' cost of service.

The hearing is being held to consider a report entitled "Feasibility and Financial Impact of Drawing Down all, or a Portion of, Foothills' Deferred Income Tax Balance" which the Board directed the company to prepare in its Reasons for Decision resulting from Hearing RH-1-93, issued in November 1993. The company filed that report with the Board on 30 September 1994 and it will serve as Foothills' application in this hearing.

2. *TransCanada PipeLines Limited - 1995/1996 Facilities Application*

The Board will hold a public hearing commencing on 18 September 1995, at a location to be determined, on an application by TransCanada for the construction of pipeline facilities in 1996 and 1997.

On 8 June 1995, TransCanada filed a revised application with the Board for approval to construct new pipeline and compression facilities on its mainline transmission system. TransCanada's original application, dated 8 April 1995, was revised to add approximately 122.2 kilometres (76 miles) of pipeline loop, two new compressor units and one new manifold installation. In total, the company now proposes to add approximately 296.3 kilometres (184 miles) of

pipeline, three new compressor units totalling about 85 megawatts of new compression and associated facilities. The additional facilities requested in the revised application increase the estimated cost of the project by \$221.2 million to \$493.1 million.

TransCanada plans to begin construction during 1995, with expected completion by 1 November 1996. The proposed additional facilities would permit TransCanada to meet requests for long-haul firm services including 2.8 million cubic metres (99.6 million cubic feet) per day of new firm service and an average of 805 000 cubic metres (28.4 million cubic feet) per day of firm service tendered from Empress, Alberta. The company's plan would also add 1.4 million cubic metres (50 million cubic feet) per day of new long term winter firm service (LT-WFS) to CNG Energy Services Corp. of Pittsburgh, Pennsylvania for export to the United States. LT-WFS was proposed by TransCanada in its 1995 tolls proceeding RH-3-94 (refer to item 2 under *Recent Hearing Decisions* on page 2) to utilize existing excess winter season capacity to meet market demand.

3. *Express Pipeline Ltd. - Pipeline Facilities - OH-1-95*

The Board will hold a public hearing commencing on 23 October 1995 in Calgary on an application by Express Pipeline to construct and operate an oil transmission pipeline.

The proposed facilities will comprise approximately 435 kilometres (270 miles) of pipeline running from Hardisty, Alberta to the international boundary near Wild Horse, Alberta. The pipeline will have an initial capacity of 27 000 cubic metres (170 000) barrels per day. In the United States, the pipeline would continue to a transporta-

tion hub near Casper, Wyoming. The estimated cost of the Canadian portion of the pipeline is \$189 million. Construction of the proposed facilities is scheduled to take place during the early part of 1996, with an in-service date of October 1996. Express is owned equally by Alberta Energy Company Ltd. of Edmonton and TransCanada PipeLines Limited of Calgary.

The proposed project falls under Part IV, subsection 14(a) of the *Comprehensive Study List Regulations* made pursuant to subsection 59(d) of the *Canadian Environmental Assessment Act* (the CEAA). To avoid duplication and overlap, the Board has requested approval from the Minister of Environment, pursuant to section 43 of the CEAA, for substitution of the Board's hearing process for an environmental assessment by a review panel under the CEAA. The hearing process will be carried out in accordance with the Board's current *Rules of Practice and Procedure*.

Hearing Application Adjourned

1. *Westcoast Energy Inc. - Grizzly Valley Expansion Project - GH-6-94*

On 6 February 1995, the Board adjourned, to a date to be determined, a public hearing on an application by Westcoast for approval of the Grizzly Valley Expansion Project. The Board had scheduled the application to be heard immediately following the Fort St. John Expansion Project application (refer to item 4 under *Recent Hearing Decisions* on page 2). Westcoast had requested that the hearing be adjourned to the fall of 1995 because the planned in-service date had been delayed by one year to November 1997.

On 11 April 1995, Westcoast announced that it would amend its application in order to add processing capacity to the Pine River Plant, rather than building a new gas processing facility at Tumbler Ridge, British Columbia.

The original Grizzly Valley Expansion application included the construction and operation of a natural gas processing plant, a sulphur recovery plant, and a compressor station near Tumbler Ridge, British Columbia. The Tumbler Ridge Gas Plant would be capable of processing 11.3 million cubic metres (400 million cubic feet) of raw gas per day. In addition to the gas and associated sulphur processing plant, Westcoast had proposed to expand the capacity of its Grizzly Valley raw gas transmission system and to construct and operate the Tumbler Ridge Mainline, a transmission pipeline to transport residue gas processed at the Tumbler Ridge Gas Plant to the discharge site of Westcoast's Compressor Station No. 2 near Chetwynd, British Columbia.

Applications Considered by Written Hearing

Recent Hearing Decision

1. *Trans Québec & Maritimes Pipeline Inc. - 1995 Tolls - RHW-1-94*

Reasons for Decision dated April 1995; issued on 27 April 1995.

The Board approved a revenue requirement for TQM of \$63.6 million for 1995, which is \$3.6 million less than applied for. The Board also approved a rate base of \$298.8 million for 1995.

In the Board's Multi-Pipeline Cost of Capital decision (refer to item 1 under *Recent Hearing Decisions* on page 1) the Board approved for TQM a deemed

common equity ratio of 30 percent and a rate of return on equity of 12.25 percent for 1995. TQM had applied for a deemed common equity ratio of 35 percent and a return on equity of 13 percent for 1995.

Hearing Decision Adjourned

2. *PanCanadian Petroleum Limited - Pipeline Facilities - GHW-1-95*

On 26 June 1995, at the request of PanCanadian, the Board decided to adjourn the hearing sine die of an application by PanCanadian to construct a natural gas pipeline under the Ottawa River.

The Board was conducting a written public hearing on the application in which PanCanadian sought approval to construct a natural gas pipeline under the Ottawa River. The proposed pipeline would consist of approximately 14.5 kilometres (8.7 miles) of pipeline running from the TransCanada PipeLines Limited's Ottawa sales gate meter station in Gloucester, Ontario to the Avenor newsprint mill in Gatineau, Quebec. The pipeline was intended to transport 900 000 cubic metres (32 million cubic feet) per day of gas to provide service to a cogeneration facility proposed to be constructed on the Avenor site. The estimated cost of the facilities is \$8.4 million.

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. Since the 1 April 1995 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Energy Commodity Matters

Natural Gas

Matters Completed

1. *Alberta Northeast Gas, Limited - Contract and Gas Export Licence Amendment - Natural Gas Export Licence GL-102*

On 15 June 1995, the Board approved an application dated 23 May 1995, as amended on 6 June 1995, from Alberta Northeast for approval of an amendment by Letter Amendment, dated 23 January 1995, amending the Gas Sales Agreement dated 7 February 1991 with National Fuel Gas Corporation underpinning exports under Licence GL-102. The amendment to the Gas Sales Agreement is to facilitate, on an interim basis, gas export at Chippawa, Ontario in addition to Niagara Falls, Ontario.

Until permanent amendments are executed, Alberta Northeast will continue to export the National Fuel volumes at Chippawa pursuant to short-term export order GO-5-95.

2. *Brooklyn Navy Yard Cogeneration Partners, L.P. - Contract Amendments - Natural Gas Export Licence GL-232*

On 12 May 1995, the Board approved an application dated 16 February 1995 from Brooklyn Navy Yard for approval of Amending Agreements to two Gas Sales Contracts dated 20 and 21 October 1993 with PanCanadian Petroleum Limited and Crestar Energy, a General Partnership, respectively, underpinning exports under Licence GL-232. The Board referred the amendments regarding a five year extension to the two Gas Sales Contracts to the Panel of the GH-1-95 hearing (refer to item 2 under *Hearing Decisions Pending* on page 3).

3. *Selkirk Cogen Partners, L.P. - Contract Amendment - Natural Gas Export Licence GL-157*

On 3 April 1995, the Board approved an

application dated 3 March 1994 from Selkirk for approval of an Amended and Restated Gas Purchase Contract dated 26 September 1993 underpinning exports under natural gas export Licence GL-157.

4. *ProGas Limited - Contract Amendments - Natural Gas Export Licence GL-98*

On 8 June 1995, the Board approved an application by ProGas to amend its Gas Sales Contract with Natural Gas Pipeline Limited, dated 17 May 1988, underpinning exports under Licence GL-98 by replacing Natural with ProGas U.S.A., Inc. for 50 million cubic feet of natural gas per day. ProGas also applied to extend the term of Licence GL-98 by one year without increasing the term volume authorized under the licence.

Matters Under Consideration

5. *Wascana Energy Inc. - Revocation of Natural Gas Export Licence GL-77 and New Gas Supply Arrangements Underpinning Natural Gas Export Licence GL-229*

On 16 December 1994, Wascana applied for an order revoking natural gas export

Licence GL-77 and for approval of new gas supply arrangements underpinning exports under Licence GL-229.

On 16 February and 7 April 1995, the Board sent letters to Wascana requesting additional information.

6. *Westcoast Gas Services Inc. - Contract Amendments and Revocation of Natural Gas Export Licence GL-228*

On 15 January 1995, Westcoast applied for approval of Amended and Restated Gas Sales Contracts underpinning exports under Licences GL-225, GL-226 and GL-227. Westcoast also applied for an order revoking Licence GL-228.

The application is currently under review.

Electricity

Matters Completed

1. *British Columbia Power Exchange Corporation (POWEREX) - Application for an Electricity Export Permit*

On 27 April 1995, the Board approved an application dated 27 January 1995 from POWEREX for a permit to export up to 25 951 megawatt hours per year of firm energy for the period 1 May 1995 to 31 December 2004 to the City of Palo Alto, California.

2. *Manitoba Hydro - Application for an Electricity Export Permit*

On 10 May 1995, the Board approved an application dated 10 February 1995 from Manitoba Hydro for a permit, which would replace an existing permit, to export firm power and energy, as a border accommodation, to Roseau Electric Co-operative for a period of 10 years commencing on 1 August 1995. Manitoba Hydro proposes to export up to 20 kilowatts of power and 20 000 kilowatt hours of energy per year.

3. *Manitoba Hydro - Amendments to Electricity Export Permits EPE-45 and EPE-46*

On 8 June 1995, the Board approved an application dated 9 January 1995 from Manitoba Hydro for approval to amend Export EPE-45 and EPE-46 by removing certain conditions from the permits. Both permits are for the period 1 May 1993 to 31 October 2005.

Export Permit EPE-45 authorizes Manitoba Hydro to export short-term firm capacity and energy of up to 16 650 gigawatt hours less the amount under any other Manitoba Hydro export authorizations, except for border accommodations. Export Permit EPE-46 authorizes Manitoba Hydro to export interruptible energy and unscheduled loop flows of up to 16 650 gigawatt hours less the amount under any other Manitoba Hydro export authorizations, except border accommodations.

4. *Rainy River Forest Products Inc. - Renewal of Electricity Export Permit EPE-31*

On 26 June 1995, the Board approved an application dated 3 May 1995 from Rainy River (formerly Boise Cascade Canada Ltd.) for approval to renew Export Permit EPE-31 for 25 years. Rainy River requested authorization to export, on an emergency basis, up to 20 megawatts of interruptible power and 175 gigawatt hours of interruptible energy per year to Boise Cascade Corporation of International Falls Minnesota. The Board decided to issue a new permit replacing EPE-31.

5. *Saskatchewan Power Corporation - Surplus Estimates - Electricity Export Licence EL-120*

On 7 April 1995, the Board approved an application from Saskatchewan Power for approval of surplus estimates pursuant to Licence EL-120 for the operating year 1 May 1995 to 30 April 1996.

6. *St. Clair Tunnel Construction Company - Application to Construct an International PowerLine and for an Electricity Export Permit*

On 31 March 1995, the Board approved an application dated 27 January 1995 from St. Clair Tunnel to construct and operate a 4 160 volt three-phase international power line extending two kilometres from a substation in Sarnia, Ontario to a substation in Port Huron, Michigan. The Board also issued a permit to export up to 750 kilowatts of power and up to 6 000 kilowatt hours of energy in any consecutive twelve-month period for 30 years commencing 1 April 1995.

Matters Under Consideration

7. *Destec Power Services Inc. - Application for an Electricity Export Permit*

On 17 May 1995, Destec applied for permits to export up to 150 megawatts of capacity and up to 1 200 gigawatt hours of energy on either a firm or interruptible basis. Destec stated in its application that Dow Chemical Company is Destec's majority shareholder, and that it is Destec's intention to market up to 120 megawatts of power and 950 gigawatt hours of energy from a facility that Dow owns in Sarnia, Ontario. Additional sales by Destec will come from other independent power producers or utility corporations. Destec requested a ten-year permit with individual contracts of up to five years without having to obtain a specific permit each time in advance from the Board.

The Board has provided Destec with directions regarding the Notice of Application and the Directions on Procedure.

8. *New Brunswick Power Corporation - Amendment to Electricity Export Permit EPE-15*

On 16 March 1995, NB Power applied for approval to amend Export Permit EPE-15 to allow:

- i) the sale of firm as well as interruptible energy under the permit;
- ii) firm and/or interruptible exports to the entities included in Condition 4 of the permit and to others who may express an interest in purchasing energy from NB Power;
- iii) NB Power to enter into firm transactions without prior Board approval, however, agreements would be filed with the Board; and
- iv) fair market access under wording included in recent permits issued by the Board, namely;

- a) informing those who have declared an interest in buying electricity for consumption in Canada of the quantities and classes of services available for sale; and
- b) giving an opportunity to purchase electricity on terms and conditions as favourable as the terms and condition which apply to the exports, to those who, within a reasonable time after being informed, demonstrate an intention to buy electricity for consumption in Canada.

In January 1991, the Board issued Export Permit EPE-15 which allowed exports of interruptible energy for the period 1 February 1991 to 31 October 2000.

In its application to amend Export Permit EPE-15, NB Power stated that it required the ability to respond to U.S. request for firm capacity and energy as readily as request for interruptible energy under the Permit.

On 4 May 1995, the Board decided to consider the application as a new application and advised NB Power to file a new application pursuant to the 7 July 1993 Memorandum of Guidance. The Board considered that the amendments requested to EPE-15 were fundamental changes to the nature of the transactions authorized under the permit.

9. *TransAlta Utilities Corporation - Application for an Electricity Export Permit*

On 31 March 1995, TransAlta applied for approval of a five-year permit to export up to 1 000 megawatts of short-term firm power and 8 760 gigawatt hours of energy and up to 8 760 gigawatt hours of interruptible power less the amount of firm exports.

The application is currently under review.

10. *Utility - Trade Corp. - Application for an Electricity Export Permit*

On 30 March 1995, UTC applied for approval of a ten-year permit to export up to 250 gigawatt hours of interruptible and firm energy per year with monthly volumes not to exceed 50 gigawatt hours.

The Board has provided UTC with directions regarding the Notice of Application and the Directions on Procedure.

11. *West Kootenay Power - Complaint Regarding Provision of Fair Market Access*

In a letter dated 3 February 1995, West Kootenay Power complained that it had been denied membership in the Power Exchange Operation (PEO), a short-term marketing operation on an electronic bulletin board coordinated and administered by BC Hydro/POWEREX, and thus had been denied fair market access according to the terms and conditions of POWEREX Export Permits EPE-41, -42, -43 and -44.

After considering West Kootenay's submission and reply comments from POWEREX, the Board sent a letter to POWEREX dated 15 June 1995 conveying its view that for Permits EPE-41 and EPE-42 the PEO was intended as the mechanism to satisfy the fair market access process for transactions of up to one year in duration. It found that the

PEO provision did not apply to EPE-43 and EPE-44. The Board was of the view that all parties have not been given the ability to access the PEO and, given this change in circumstances, required POWEREX to provide further submissions on how it intends to satisfy the fair market access conditions attached to Permits EPE-41 and EPE-42. In particular, the Board requested that such submissions address how POWEREX intends to offer fair market access to all interested parties, including those who are unable to gain access to the PEO, such as West Kootenay Power.

Pipeline Matters

Matters Completed

1. *Bow Valley Energy Inc. and Fletcher Challenge Petroleum Inc. - Sale of Pipeline*

On 19 May 1995, the Board approved an application dated 20 April 1995 from Bow Valley to sell a pipeline and an application dated 1 May 1995 from Fletcher Exploration to purchase and operate the pipeline. The pipeline in question is 5 kilometres long and crosses the Alberta/Saskatchewan border in Township 18.

2. *Koch Exploration Canada, Ltd. - Transfer Ownership of a Pipeline*

On 9 May 1995, the Board approved an application dated 23 March 1995 from Koch to transfer ownership of its pipeline to Maxon Energy Inc. The Board also approved an application dated 28 March 1995 from Maxon to purchase and operate the pipeline. The pipeline in question is a 200-metre long polyethylene fuel gas pipeline crossing the Alberta/Saskatchewan border.

3. *St. Clair Pipelines Ltd. and Genesis Pipeline (Canada) Ltd. - Bluewater Joint Venture*

On 15 June 1995, the Board approved St. Clair's application dated 27 January 1995 for orders for the following: (i) St. Clair to lease from Genesis a pipeline

under the St. Clair River; (ii) Genesis to lease the Genesis line to St. Clair; (iii) St. Clair to convert the Genesis line from natural gas liquids to natural gas service; and, (iv) St. Clair to build and operate a 2.5-kilometre long pipeline to connect the Genesis line to existing natural gas transmission facilities located near Sarnia, Ontario and belonging to Union Gas Limited.

4. *Talisman Energy Inc. - Pipeline Facilities*

On 26 May 1995, the Board approved an application dated 10 November 1994 from Talisman to construct approximately three kilometres of pipeline from its gas wells in British Columbia to gas processing facilities in Alberta. The estimated cost of the pipeline is \$287 000.

5. *TransCanada PipeLines Limited - Pipeline Looping*

On 23 June 1995, the Board approved an application dated 3 March 1995 from TransCanada for approval to construct 39.8 kilometres of looping on the Western Section of its pipeline system. The estimated cost of the project is \$42.5 million.

6. *Westcoast Energy Inc. - Application to Reactivate the North Beg Pipeline*

On 15 May 1995, the Board approved an application from Westcoast to reactivate the North Beg Pipeline and to modify the pigging facilities. The North Beg Pipeline is 5.18 kilometres long and is located northwest of Jedney in northern British Columbia. Gas flow through the pipeline ceased in May 1992.

7. *Section 58 Pipeline Applications*

The Board has approved or is considering several applications under section 58 of the National Energy Board Act involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. These matters may be considered by the Board without a public hearing.

Gas Pipelines

Talisman Energy Inc.
Application dated 10 November 1994
Estimated Cost: \$287 000
Approved on 26 May 1995
Order Number: XG-T77-22-95

TransCanada PipeLines Limited
Application dated 14 March 1995
Estimated Cost: \$1 436 000
Approved on 4 April 1995
Order Number: XG-T1-11-95

TransCanada PipeLines Limited
Application dated 14 March 1995
Estimated Cost: \$6 161 000
Approved on 6 April 1995
Order Number: XG-T1-12-95

TransCanada PipeLines Limited
Application dated 20 March 1995
Estimated Cost: \$22 547 000
Approved on 3 May 1995
Order Number: XG-T1-15-95

TransCanada PipeLines Limited
Application dated 11 April 1995
Estimated Cost: \$16 359 000
Approved on 19 May 1995
Order Number: XG-T1-16-95

TransCanada PipeLines Limited
Application dated 7 March 1995
Estimated Cost: \$38 132 000
Approved on 11 May 1995
Order Number: XG-T1-19-95

TransCanada PipeLines Limited
Application dated 3 March 1995
Estimated Cost: \$42 528 000
Approved on 23 June 1995
Order Number: XG-T1-25-95

TransCanada PipeLines Limited
Application dated 14 March 1995
Estimated Cost: \$6 660 800
Status: On 12 April 1995, the Board sent a letter to TransCanada requesting additional information.

Union Gas Limited
Application dated 22 February 1995
Estimated Cost: \$175 000
Approved on 4 May 1995
Order Number: XG-U001-17-95

Westcoast Energy Inc.
Application dated 2 December 1994
Estimated Cost: \$1 314 000
Approved on 6 April 1995
Order Number: XG-W5-10-95

Westcoast Energy Inc.
Application dated 22 March 1995
Estimated Cost: \$1 190 000
Approved on 11 April 1995
Order Number: XG-W5-13-95

Westcoast Energy Inc.
Application dated 22 December 1994
Estimated Cost: \$7 273 00
Approved on 18 April 1995
Order Number: XG-W5-14-95

Westcoast Energy Inc.
Application dated 12 April 1995
Estimated Cost: \$977 000
Status: On 4 May 1995, the Board sent a letter to Westcoast requesting additional information.

Oil Pipelines

Interprovincial Pipe Line Inc.
Application dated 16 May 1995
Estimated Cost: \$2 814 000
Approved on 23 June 1995
Order Number: XO-J1-9-95

Trans Mountain Pipe Line Company Ltd.
Application dated 22 November 1994
Estimated Cost: \$685 000
Approved on 6 April 1995
Order Number: XO-T4-7-95

Trans-Northern Pipelines Inc.
Application dated 7 April 1995
Estimated Cost: \$150 000
Approved on 25 May 1995
Order Number: XO-T2-8-95

Trans-Northern Pipelines Inc.
Application dated 15 December 1993
Estimated Cost: \$150 000
Approved on 22 June 1995
Order Number: XO-T2-10-95

Matters Under Consideration

8. *Murphy Oil Company Limited - Pipeline Looping*

On 31 March 1994, Murphy Oil applied for approval to construct 16.1 kilometres of pipeline looping known as the Milk River Pipeline Loop. The looping project would commence at Milk River, Alberta and would continue to the Alberta/Montana Border. The estimated cost of the project is \$4 million.

The application is currently under review.

9. *Niagara Gas Transmission Limited - Jurisdiction Question*

(Status unchanged, refer to the 1 January 1995 issue of the Regulatory Agenda under *Pipeline Matters*, item 8 on page 7)

10. *Niagara Gas Transmission Limited - The Link Project*

On 27 March 1995, Niagara Gas applied for approval to construct 10.2 kilometres of pipeline from the St. Clair River to the Tecumseh Compressor Station in Moore Township, Lambton County, Ontario and a metering facility at Tecumseh.

The proposed pipeline would have the capacity to transport up to 4.2 million cubic metres (150 million cubic feet) per day of natural gas to markets in eastern Canada and to the northeast United States. The estimated cost of the pipeline is \$12.5 million.

On 4 May 1995, the Board sent a letter to Niagara Gas requesting additional information.

11. *Novacorp International (Canada) Ltd., and St. Clair Pipelines Limited - Pipeline Under the Detroit River*

On 21 December 1994, the above-mentioned companies applied for an extension of a clause in Order XG-11-88

which required that the construction of the pipeline approved under the Order commence by 31 December 1989, later extended to 31 December 1994. The clause in the Order has been extended four times previously as the connecting pipeline in the United States became the subject of legal proceedings which necessitated successive postponement of construction of the Canadian portion. Order XG-11-88 authorized the construction of a 660-metre long pipeline across the Detroit River. The pipeline is intended to provide an alternate source of gas for the National Steel Corporation plant in the state of Michigan.

Novacorp also applied for approval to transfer its rights and obligations under the Order to St. Clair. Novacorp and St. Clair have reached an agreement whereby St. Clair will build and operate the pipeline.

On 23 December, the Board extended the sunset clause until such time that it disposes of the current application.

On 26 January 1995, the Board sent a letter to the companies requesting additional information.

12. *Westspur Pipeline Company Inc. - Transfer of Ownership of Pipelines*

On 23 August 1994, Westspur applied for approval to transfer ownership of some 300 pipeline segments, referred to as effluent lines, to its parent company, Producers Pipelines Inc. Interprovincial Pipe Line Inc. subsequently acquired the controlling interest in Producers, including Westspur.

The application is on hold pending review by Interprovincial.

13. *Yukon Pipelines Limited - Discontinuance of Operation*

On 22 June 1995, the Board sent a letter to Yukon Pipelines and a report that was prepared by Board staff following an inspection conducted from 23 to 26 May 1995 in connection with the proposed

abandonment of the line. The Board indicated that it intends to publish a notice of the proposed abandonment and make its inspection report available to the public. Yukon Pipelines was directed to file an application in respect of the abandonment proposal by 17 July 1995 so that details on the abandonment will be properly placed before the Board and the public.

On 11 October 1994, Yukon Pipeline indicated to the Board that the operation of its products line from Skagway, Alaska to Whitehorse, Yukon Territory and the upper tank farm in Whitehorse had been discontinued. Yukon Pipelines owns and operates the 144.5-kilometre long Canadian section of the 177-kilometre long pipeline.

Traffic and Toll Matters

Matters Completed

1. *CanWest Gas Supply Inc. - Complaint - Alberta Natural Gas Company Ltd's Revised Statement of Effective Rates and Charges Effective 1 January 1995*

On 26 January 1995, CanWest filed a complaint with the Board stating that it had concerns with the arrangement between Pan-Alberta and Alberta Natural wherein the entire Foothills Zone 8 costs which are paid by Alberta Natural will be recovered by Alberta Natural from its shippers as "Transportation of Gas by Others". CanWest's first concern was that Alberta Natural's shippers are being asked to bear an additional cost without any direct benefit to them as a result of the arrangement with Pan-Alberta. Secondly, CanWest questioned the proposed arrangement from the standpoint that two pipelines are involved in the "roll-in" rather than a "roll-in" resulting from the activities of one pipeline. Therefore, a possibility of duplicative costs exists between Alberta Natural and Foothills' cost of service in Zone 8.

On 2 February 1995, the Board decided to seek comments from interested parties on the complaint.

On 28 June 1995, the Board decided to allow the "roll-in of costs related to Pan-Alberta's volumes in Zone 8 into Alberta Natural's cost of service. The Board declined the request by parties to direct Foothills and Alberta Natural to streamline their costs in Zone 8 within a specified time frame, and to disallow certain costs from Foothills' cost of service from inclusion in Alberta Natural's revenue requirement.

2. *Foothills Pipe Lines Ltd. - Operating Maintenance Expense Budgets*

On 20 April 1995, the Board approved the Operating Maintenance Expense Budgets for Foothills Pipe Lines (Alta.) Ltd. Zones 6 and 7, Foothills Pipe Lines (South B.C.) Ltd. Zone 8 and Foothills Pipe Lines (Sask.) Ltd. Zone 9. The Board also approved the recovery in tolls of costs incurred in 1994 in excess of the approved Operating and Maintenance Budget for Zone 9. The Board issued Order TG-3-95.

3. *Foothills Pipe Lines Ltd. Interruptible Tolls for Zone 9*

On 12 May 1995, the Board approved new interruptible tolls for Zone 9, the Saskatchewan portion of the Foothills system.

4. *Industrial Gas Users Association ("IGUA") Complaint - TransCanada Pipelines Limited ("TransCanada") Long-Term Winter Firm Service ("LT-WFS") Bidding*

On 26 May 1995, IGUA filed a complaint regarding the bidding and award process that was followed by

TransCanada in February 1995 for LT-WFS capacity. IGUA noted that this bidding process, which was done in advance of the release of the Board's RH-3-94 decision (refer to item 1 under *Recent Hearing Decisions* on page 2), sought bids on the basis of a minimum contract term of 10 years. IGUA noted that the Board's subsequent RH-3-94 decision directed that TransCanada's LT-WFS be provided on the basis of contracts having a minimum term of one year rather than a minimum term of 10 years. As a result, IGUA stated that the results of the bidding process are invalid and must be re-submitted on terms and conditions which comply with the RH-3-94 decision.

IGUA further submitted that some refinements to the "bidding cap" provisions with respect to the LT-WFS bidding process are required in order to make the process fair to all prospective shippers.

On 23 June 1995, the Board dismissed the complaint on the basis that TransCanada had acted in a manner consistent with the Board's decision in RH-3-94.

5. *Interprovincial Pipe Line Inc. - Filing of Information as per the Negotiated Settlement*

On 22 March 1995, the Board approved Interprovincial's Negotiated Settlement with the exception of the issue of the information to be provided by Interprovincial, for which Interprovincial sought specific approval in the application. In its decision on the settlement, the Board stated that "The latter is approved on an interim basis, pending further consideration by the Board. Before making a final determination, the Board will give all parties a

chance to express their views on this issue, more specifically, with respect to the receipt and throughput information to be provided by IPL."

The Board considered the comments received and the reply from Interprovincial and, on 23 May 1995, approved the information that will be provided by Interprovincial.

6. *Trans-Northern Pipelines Inc. - Final Tolls Effective 1 January 1995*

On 8 June 1995, the Board made Trans-Northern's interim tolls for 1995 final, after examining the forecast return on equity filed on 15 May with the company's first quarter surveillance report. It was noted that the company does not forecast exceeding its deemed 12.5 percent rate of return on equity for the 1995 test year, and the Board therefore issued Toll Order TO-3-95, which finalizes the company's 1995 tolls.

7. *Trans Mountain Pipe Line - Interim Tolls*

On 15 June 1995, the Board approved Trans Mountain's request for an amendment of Order TOI-6-94, to reflect tolls applied for in the company's instant application dated 30 May 1995. These tolls are in keeping with the Board's RH-2-94 Reasons for Decision (refer to item 2 under *Recent Hearing Decisions* on page 1), which approved a deemed common equity ratio of 45 percent and a return on equity of 12.25 percent for 1995. The tolls were approved on an interim basis effective 1 June 1995 and shall apply until the day Trans Mountain's new final tolls for 1995 come into effect.

Other Matters

Safety Matters

Matters Completed

1. Documentation and Operation Safety Audit Reports

The Board has adopted the Documentation and Operations Safety Audit Reports for Monitoring Compliance with the Onshore Pipeline Regulations for the following companies:

Amerada Hess Canada Ltd. -
26 April 1995
Canadian Hunter Exploration Ltd.
- 17 May 1995
TransCanada PipeLines Limited -
27 April 1995
Trans Quebec & Maritimes
Pipeline Inc. - 18 June 1995
Interprovincial Pipe Line (NW)
Ltd. - 27 April 1995

2. Joint Pipeline Emergency Response Memorandum of Understanding Signed Between National Energy Board (NEB) and Alberta Energy and Utilities Board (AEUB)

The NEB and the AEUB have signed a memorandum of understanding (MOU) to initiate a mutual aid agreement in the case of pipeline incidents in Alberta.

The MOU provides for assistance to be given to each other by both agencies in respect of incident investigation and emergency response and is designed to provide a faster and more effective response by both boards to pipeline incidents in Alberta.

Where incidents occur on NEB-regulated facilities in Alberta, the AEUB will, at the request of the NEB, provide assistance in respect of any emergency response. The role of AEUB field personnel will be to monitor and assess the pipeline operator's ability to manage the incident with regard to public safety and the protection of the environment. The initial response by the AEUB will continue until the hazards at the site are under control or until such time as NEB personnel arrive at the site.

The investigation of the accident and evaluation of the effectiveness of clean-up and rehabilitation operations will remain the responsibility of the NEB.

Where incidents occur on AEUB-regulated facilities, the NEB will, at the request of the AEUB, provide assistance in respect of any emergency response investigation.

The MOU also provides for an information exchange on relevant facilities within the jurisdictions of the two Boards, including updating lists of emergency contacts.

Frontier Matters

1. Panarctic Oils Ltd Well Abandonments

Panarctic submitted an application to abandon the offshore Panarctic HMSTD Drake F-76 gas well on Melville Island in the Northwest Territories in May 1995. Following consultation with government agencies and the public, an environmental screening of the application has been completed. The abandonment program is scheduled to take place during the winter of 1995/96 and the final site cleanup in the spring and summer of 1996.

Panarctic has also applied for authorization to abandon the Panarctic Tenn et al POR E. Hecla F-62 and Panarctic et al E. Hecla C-32 wells. These wells were drilled on Melville Island in the late 1970's and were dry. An environmental screening was completed on the proposed abandonments and they have been approved by the Chief Conservation Officer.

2. Norman Wells Drilling Program and Operations

Imperial Oil Resources Ltd. reactivated its application for a Drilling Program Authorization for the Norman Wells field. The drilling program has been revised to a total of 9 wells; down from the initial 11 due to economic criteria.

One application for an Authority to Drill a well has been submitted and is under review. The first well in the 12 to 18 month program is expected to be spudded in August of 1995.

Approval was given to Imperial to use pressure fall-off data from a limited number of injection wells for determination of average reservoir pressure. Final approval is contingent upon next year's data being within the limits as set out by extrapolation of pressure build-up data.

The Board has issued a response on Imperial's casing vent flow criteria and its casing isolation survey. It was recommended that Alberta standards be applied regarding surface casing vent flow and casing isolation. Documentation was supplied to Imperial on this subject.

An information request to Imperial regarding an oil spill from a well flow-line was submitted in June 1995. The Board is awaiting a response to the information request.

3. Abandonment of Kotaneelee Wells E-37 and I-27

A proposal by Anderson Oil and Gas Inc. for remedial operations on the Kotaneelee E-37 well, to commence in 1998, was reviewed. A meeting was held with Anderson and they were advised that work must be initiated at an earlier date. Anderson indicated that they are conducting a geological review of the reservoir and will advise the Board in the third quarter of 1995 as to their long term plans for Kotaneelee. At that time, they will resubmit their proposal for the Kotaneelee E-37 and Kotaneelee I-27 wells.

4. Northwest Territories Well Abandonment Program

The Board initiated a review of the preliminary documentation submitted by Shell Canada Ltd. regarding the abandonment of 11 wells in the Mackenzie Delta area. A formal submission is

expected by the summer of 1995 with the actual work to take place during the fall of 1995 and the winter of 1995/96. Shell has agreed to complete the abandonment of two temperature observation wells (formerly Shell wells) on behalf of the Geological Survey of Canada. A third well, formerly operated by Chevron and now the responsibility of Geological Survey of Canada, may be inspected for final abandonment for possible inclusion into this program.

5. Yukon Abandonment Program

An updated cost estimate will be provided to the Department of Indian Affairs and Northern Development (DIAND) for the abandonment of the orphaned well, Exco et al West Parkin D-54. Through efforts of DIAND and the Board, it has been determined that the well, Peel Plateau Eagle Plains No. 1, in the Yukon Territory is owned by Norcen Energy Resources Ltd. A meeting has been held with Norcen to discuss the abandonment requirements and an application for the abandonment is anticipated in the third quarter of 1995.

In August, the Board will participate in Phase II of the abandoned well program in the Yukon. This will be conducted in conjunction with the staff of the Yukon Territorial Government and DIAND.

6. Temperature Observation Wells

Based on the inspection results of the temperature observation wells, in particular Shell's wells converted for temperature observation for Geological Survey of Canada, a full review on the status of all temperature observation wells was initiated. The intent is to ensure that temperature observation

wells are abandoned according to the regulations and to provide Geological Survey of Canada with a list of any outstanding requirements with respect to these wells.

7. Bent Horn Operations

Initial production of 70,000 Barrels is expected to commence in early July. The well will then be shut-in. The site will be shut down until just before the tanker arrives in mid-August for the first shipment.

8. Seismic and Geological Programs

Applications for two proposed seismic programs were submitted by BFR Geophysical Consultants Ltd. of Calgary for southeastern Northwest Territories and southwest Yukon. The programs will cover in excess of a million hectares and will involve drilling of numerous holes to depths of 20 metres and the use of explosives as the energy source. The programs will be undertaken in July and August at a cost in excess of \$13 million. Environmental screenings were completed on these programs.

Ocelot Energy Inc proposes to conduct a summer geological mapping program in Parcel No.4 of the land parcels awarded in the 1994 Southern Northwest Territories Call for Bids. The operation will be based out of Fort Liard. The program will be conducted between 15 July and 15 August 1995 at a cost of approximately \$100,000. An environmental screening was completed on the program.

9. Inspections

All facilities and producing, suspended and disposal wells at the Kotaneelee gas

field (Yukon) and Pointed Mountain gas field (Northwest Territories) were inspected and the results were satisfactory. Particular attention was paid to the slope stability problems at the Pointed Mountain field. Additional upcoming inspections will include the service and drilling rigs at Norman Wells, the helicopter geophysical survey being conducted in the southern Northwest Territories and Yukon, and the Bent Horn loading operations.

10. Environmental Studies Research Funds (ESRF)

The annual meeting of the ESRF Management Board was held on 15 June 1995. Due to the low level of activity on the frontier lands, there were no new research and development projects recommended nor did the Board recommend a levy for 1996.

ESRF reports distributed in April:

Report No. 125, Long-Range Ice Forecasting System (LRIFS) Applied for the Beaufort Sea
Report No. 130, Bibliography of Aquatic Oil Pollution Fate and Effects (CD Rom)

ESRF reports to be distributed in July:

Report No. 127 Westcoast and Offshore Newfoundland Environmental Sensitivity Mapping
Report No. 128, East Coast Repetitive Seafloor Mapping 1979/1990
Report No. 131, Environmental Loading Studies for the CSA Offshore Structures Code Report No. 132, Remote Sensing Ice Detection East Coast

Appeals

Appeal Completed

1. *The Grand Council of the Crees (of Quebec) and The Cree Regional Authority v. Hydro-Québec and the National Energy Board*

On 3 January 1995, the Grand Council and the Cree Authority filed for leave to appeal to the Federal Court of Appeal the Board's decision released on 7 December 1994 regarding an export application by Hydro-Québec. In brief, the grounds for appeal are:

- i) the Board does not have jurisdiction to make this decision and to issue a "blanket" permit;
- ii) the Board refused to exercise its jurisdiction under the Environmental Assessment and Review Process Guidelines Order;
- iii) the Board acted improperly and in

breach of the rules of natural justice and procedural fairness by making known in advance to Hydro-Québec that it was prepared to issue "blanket" permits" even though no opportunity for third parties to intervene was provided; and

- iv) the Board made a mistake of law and jurisdiction in determining that carrier transfers do not fall with the definition of "export" in the NEB Act.

The Federal Court of Appeal dismissed the application for leave to appeal.

Appeal Pending

2. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro

filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

Amendments to Regulations

Amendments to the Board's regulations completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

On 6 May 1994, the Board issued a draft of the Onshore Pipeline Regulations for comment by interested persons.

The Regulations specify the requirements for the protection of property and the environment and safety of the public and company employees in the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

Parties had until 6 July 1994, later extended to 22 July 1994 to comment on the proposed Regulations. The Board is currently reviewing the comments received.

On 30 March 1994, the Board approved, for submission to the Privy Council Office - Justice, some housekeeping amendments to the Regulations. The amendments are aimed at (i) incorporating the new CSA Z662-94 "Oil and Gas Pipeline Systems" standard (in place of the outdated CSA Z183 "Oil Pipeline Systems" and CSA Z184 "Gas Pipeline Systems" standards; and, (ii) eliminating overlap with the leave to open material contained in the Board's new *Guidelines for Filing Requirements* dated 22 February 1995.

2. Offshore Pipeline Regulations

The Offshore Pipeline Regulations specify the requirement for the protection of property and the environment and the safety of the public and the company's

employees in the design, construction, operation and abandonment of an offshore pipeline.

The Regulations require further review with respect to amendments to the Onshore Pipeline Regulations and integration of frontier activities into the Board.

3. National Energy Board Part VI Regulations

The amended Regulations were published in Part I of the Canada Gazette on 6 May 1995 for a 30-day comment period. The Board considered the comments received and further amendments will be made. The Regulations have been submitted to the Department of Justice for review and will then be re-published in the Canada Gazette for a further 30-day comment period.

4. Electricity Regulations

On 30 March 1995, the Board approved, for submission to the Privy Council Office - Justice, the draft Electricity Regulations.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and parts of Schedule II of the draft Rules of Practice and Procedure.

5. Export and Import Reporting Regulations

The Regulations were published in Part I of the Canada Gazette on 6 May 1995 for a 30-day comment period. The proposed Regulations will require companies exporting oil, natural gas, or power, or importing natural gas to provide certain information to the Board. The Board decided to remove the reporting

requirements from the Part VI Regulations and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Board is proceeding to have the Regulations finalized.

6. Regulations Pertaining to Crossings Involving International Power Lines

To implement amendments to the NEB Act made in 1983, draft regulations were prepared following receipt of comments from interested persons and were sent to the Department of Justice for examination in September 1987. On advice from Justice, the regulations were divided into two sets, as follows:

A. International Power Line Crossings, Construction and Abandonment Regulations

These regulations deal with crossings by international power lines as well as the companies' responsibilities to maintain crossing records, abandon crossings, and report incidents.

B. International Power Line Crossings Regulations

These regulations deal with crossings of international power lines and set out the terms and conditions under which leave of the Board to cross such power lines need not be obtained.

These regulations were not promulgated at the time because the government had started a broad review of its policy with respect to international power lines. Subsequent to the government review, the Board, on 6 April 1994 issued for public comment a revised draft of the Power Line Crossing Regulations which also implemented amendments to the NEB Act promulgated in 1990. Comments were due on 6 May 1994. No comments were received. The

Regulations were submitted to the Department of Justice for examination on 15 June 1994. Once approved by the Department of Justice, the Regulations will be pre-published in the Canada Gazette for a 30-day comment period.

7. Rules of Practice and Procedure

On 17 May 1995, the new *Rules of Practice and Procedure* were published in Part II of the *Canada Gazette* and came into force on that date. The Rules set out requirements for making applications, representations and complaints to the Board and, generally, the manner of conducting any business before the Board. The Rules were revised taking into account the comments received from interested parties.

8. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have been pre-published in Part I of the Canada Gazette

Canada Oil and Gas Installations Regulations
Canada Oil and Gas Diving Regulations

- Consequential Amendments
Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Production and Conservation Regulations - Amendment

Regulations which have been published in Part II of the Canada Gazette

Newfoundland Offshore Petroleum Installations Regulations
Newfoundland Offshore Area Petroleum Diving Regulations - Amendments
Newfoundland Offshore Certificate of Fitness Regulations
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Newfoundland Offshore Area Petroleum Production and Conservation Regulations
Newfoundland Offshore Area Petroleum Geophysical Regulations
Nova Scotia Offshore Petroleum Installations Regulations
Nova Scotia Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum Drilling Regulations - Amendments
Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)
Nova Scotia Offshore Area Petroleum Production and Conservation Regulations

Nova Scotia Offshore Area Petroleum Geophysical Regulations

Regulations being drafted

Canada Oil and Gas Occupational Safety and Health Regulations - Amendments
Canada Offshore Oil and Gas Drilling Regulations - Re-structuring
Canada Oil and Gas Production and Conservation Regulations - Amendment
Canada Oil and Gas Diving Regulations - Amendments
Nova Scotia Offshore Spills and Debris Regulations
Newfoundland Offshore Area Petroleum Occupational Safety and Health Regulations
Nova Scotia Offshore Area Petroleum Occupational Safety and Health Regulations

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Administrative Matters

Electronic Regulatory Filing (ERF)

On 27 and 28 April 1995, the Document Interchange Standards Committee, Technical Standards Committee and Pipeline Document Design Sub-Committee met in Calgary to discuss electronic document standards for the ERF initiative. Attendees were provided with a demonstration of a proposed model for standard information requests. It was agreed that flexibility in the design of standardized documents will be critical to meeting diverse regulatory needs and future requirements. On 25 and 26 May in Vancouver and 25 June in Winnipeg, participants from various committees met as a task force to share expertise with regard to contracting for the document design component of the ERF project. On 7 June 1995, the Board made a presentation on ERF to the Canadian Energy Pipeline Association in Calgary. In late June, the Chairman sent a letter to senior executives of regulated companies, industry associations and provincial ministries which included an overview of ERF and progress report to date.

The main focus of ERF work this year will be on electronic document design. ERF pilot projects will begin in 1996, with communication of specific requirements for those directly-affected planned for early 1996. Implementation will be phased-in throughout 1996/97 and completed in 1998. For more information call the ERF Project Manager, Brenda Kenny at (403) 299-3565 or Ruth Grenville in Communications at (403) 299-2719.

Board Document System (BDS)

On 31 May 1995, the BDS was made available to the public, offering direct access to an electronic library of regulatory documents. Document contents may be searched on-line with full-text search capabilities. Presently, the system contains Reasons for Decision dating from 1985 and hearing transcripts from 1991. Other document types will be

added gradually, as they become available in standardized electronic format. The BDS may be used from remote locations or at the Board's Calgary office. The only cost to users will be long-distance telephone charges, if any, to connect to the system.

All users are asked to register with the Board and sign a public access agreement. This agreement explains the responsibilities of the user, outlining relevant terms and conditions. Request for a user account may be made by mail, facsimile or telephone to our Regulatory Support Office (403) 292-4800. For more information, a brochure on the Board Document System is also available to interested parties.

Library Hours

Effective 4 July 1995, the library's service hours are 9 a.m. to 4 p.m. This is a pilot project until 29 December 1995.

Speeches

"NAFTA and Energy Trade" a presentation by Anita Coté-Verhaaf, Board Member, to a round table seminar on energy issues facing Quebec held in Montreal, Quebec on 25 April 1995.

"Canadian Natural Gas and Markets: What Next?" a presentation by Ken Vollman, Vice-Chairman, to the Economic Society of Calgary on 11 May 1995 in Calgary (graphs only).

"National Energy Board Mandate: Regulation and Advice in the Field of Energy" a presentation by Roland Priddle, Chairman, to the North American Gas Conference on 11 May 1995 in New Orleans (charts and graphs only).

Reports and Documents Issued - 1 April to 30 June 1995

Reasons for Decision

Reasons for Decision dated March 1995, Cost of Capital - RH-2-94 - Issued on 11 April 1995.

Reasons for Decision dated March 1995, TransCanada PipeLines Limited, Tolls - RH-3-94 - Issued on 12 April 1995.
Reasons for Decision dated April 1995; Interprovincial Pipe Line Inc., Apportionment - MH-1-95 - Issued on 25 April 1995.
Reasons for Decision dated May 1995; Westcoast Energy Inc., Fort St. John Expansion - GH-5-94 - Issued on 29 May 1995.
Reasons for Decision dated June 1995; Westcoast Energy Inc., Southern and Mainline Expansion - GH-2-95 - Issued on 28 June 1995.

Reports

Report No. 125, Long-Range Ice Forecasting System (LRIFS) Applied for the Beaufort Sea
Report No. 130, Bibliography of Aquatic Oil Pollution Fate and Effects (CD Rom)

Others

Rules of Practice and Procedure, 1995 - 17 May 1995
National Energy Board Part VI Regulations - 6 May 1995
Brochure - Board Document System

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff, and their telephone numbers, is attached as Appendix II.

Electronic Bulletin Board

Bulletin Board System
299-2751
Bulletin Board System Helpline
9:30 to 10:30 a.m. (MT)
299-3919

The bulletin board is available around the clock, with the exception of specified hours for data loading or occasional system upgrades. Bulletin board users can obtain news releases, hearing orders, regulatory agendas, decision overviews, appendices to the Annual Report and selected oil and gas statistics in elec-

tronic format. All information will be posted in both official languages. A user guide with instructions is available for reference. Users should set their communications software to:

- 300, 1200, 2400, 9600, 14 400 or 16 800 baps;
- full duplex;
- no parity;
- eight data bits; and
- one stop bit.

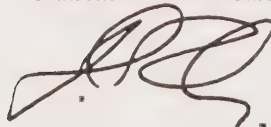
Mailing Lists

If you are not already on the Board's mailing lists and wish to be added there-

to, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and Gas matters
- L5: Electrical matters
- L6: Annual Reports only
- L7: Press Releases only
- L8: Regulatory Agendas only
- L9: Environmental matters

National Energy Board



J. S. Richardson

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay Communications Officer (403) 299-2717

Appendix I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(a) Hearing Matters	
(i) Certificates		(i) Certificates	
Pipeline	25	Pipeline	25
Power Line	20	Power Line	20
(ii) Export Licence		(ii) Export Licence	
Natural Gas	25	Natural Gas	25
Electricity	20	Electricity	20
(iii) Tolls	25	(iii) Tolls	25
(iv) Land Acquisitions	20	(iv) Land Acquisitions	20
(b) Non-Hearing Matters		(b) Non-Hearing Matters	
(i) Natural Gas		(i) Natural Gas	
Export Orders	20	Export Orders	20
Orders for Transmission Access	20	Orders for Transmission Access	20
Licence Amendments	20	Licence Amendments	20
Amendments to Export Contracts	20	Amendments to Export Contracts	20
Licence Revocations	20	Licence Revocations	20
(ii) Electricity Exports		(ii) Electricity Exports	
Permits	15	Permits	15
Licence or Permit Amendments	15	Licence or Permit Amendments	15
Licence or Permit Revocations	15	Licence or Permit Revocations	15

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers (Area Code 403)

General Information	292-4800	Communications Officer	Denis Tremblay	299-2717
Incident Reporting Number	1-800-632-1663	Communications Officer	Ross Hicks	299-3930
Bulletin Board System	1-800-NEB-1-ONE	Communications Officer	Ruth Grenville	299-2719
Bulletin Board System Helpline	299-2751	Manager, Library	Helen Booth	299-3562
9:30 to 10:30 a.m. (MT)	299-3919	Library, Information		299-3561
BOARD MEMBERS		General Information and Board Distribution Centre		292-4800

			FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY BRANCH	
Chairman	Roland Priddle	299-2724		
Chairman's Assistant	Esther Binder	299-2725		
Secretary	Carmen Morin	299-2726	A/Director Secretary	Brenda Kenny Lilly Armstrong 299-3565 299-3692
Vice-Chairman	Kenneth Vollman	299-2730	<i>Manager, User Services</i>	
Secretary	Lillian Handelman	299-2741	<i>(Information Technology)</i>	Ken Wing 299-3602
Member	Anita Côté-Verhaaf	299-2739	<i>Project Manager, Electronic</i>	
Secretary	Lillian Handelman	299-2741	<i>Regulatory Filing</i>	Brenda Kenny 299-3565
Member	Roy Illing	299-2729	<i>A/Manager,</i>	
Secretary	Mona Butler	299-2728	<i>Network Management</i>	Stephen Buszowski 299-3604

			PERSONNEL BRANCH	
Member	Robert Andrew	299-2736		
Secretary	Mona Butler	299-2728	Director Secretary	Jim Thompson Sylvie Joannis 299-3694 299-3695
Temporary Member	Judith Snider	299-2737		
Secretary	Lorraine Welsh	299-2734		

			ECONOMICS BRANCH	
			Director	John Hayward 299-2757
			A/Secretary	Colleen Holt 299-3629

EXECUTIVE DIRECTOR			<i>Economics and Energy Analysis Division</i>	
Executive Director	Gaétan Caron	299-2700		
Admin. Assistant	Jan Dane	299-2701	Manager	Bob Modray 299-3157

OFFICE OF THE SECRETARY			<i>Regulatory Economics Division</i>	
Secretary	Scott Richardson	299-2711	Manager	Glenn Booth 299-3621
Admin. Coordinator	Rita Bargetzi	299-2715		
Secretary	Josée L'Heureux	299-2712		

			ENERGY COMMODITIES BRANCH	
A/Assistant Secretary, Regulatory	Michel Mantha	299-2714	Director Admin. Assistant	Raymond Choy Linda Byers 299-3189 299-3185
A/Assistant Secretary, Communications	Karla Reesor	299-2713	<i>Electric Power</i>	
			Manager	Ivan Harvie 299-3165

Gas Export

Manager Cliff Brown 299-3190

Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta Natural Gas and Cochin

A/Manager Paul Trudel 299-2768

Gas Market Analysis and Export Surveillance

Manager Sandra McDonough 299-3186

Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans Mountain and Trans-Northern

A/Manager Paul Trudel 299-2768

Transportation and Oil Exports

Manager Hans Pols 299-3195

Regulatory Development and Safety Studies

A/Manager Robert Power 299-2769

ENERGY RESOURCES BRANCH

Director Graham Campbell 299-3102

Admin. Coordinator 299-3517

Secretary Pat Cormier 299-3103

Crude Oil, NGL and Coal Supply Division

Manager Gerrit Hos 299-3120

Natural Gas Supply Division

Manager Paul Bourgeois 299-3149

Reservoir Engineering Division

Manager Cliff Gemeroy 299-3138

Geology and Resource Assessment Division

Manager Bruce Young 299-3147

ENGINEERING BRANCH

Director John McCarthy 299-2766

Admin. Coordinator Cecilia Cupido 299-2752

Development Engineering and Group II Pipelines

Manager Terry Baker 299-2792

Safety Audit

Manager Franci Jeglic 299-2774

Accident Investigation

Manager Jake Abes 299-2777

ENVIRONMENT BRANCH

Director Ken Sato 299-3675

Admin. Coordinator Paulette Richard 299-3680

Secretary Geraldine Metcalfe 299-3676

Biological Sciences Division

Manager Jim McComiskey 299-3677

Physical Sciences Division

Manager Oleh Mycyk 299-3678

Operations Emergency Response and Financial Liability Division

Manager Jim Anderson 299-3682

Socio-Economics and Lands

A/Manager William Ostafichuk 299-3671

Environmental Studies Research Funds

Manager Oleh Mycyk 299-3678

FINANCIAL REGULATION BRANCH

A/Director Steve Brown 299-3646

Secretary Bette Schock 299-3648

Interprovincial Pipe Lines, Trans-Northern Pipelines, Alberta Natural Gas, Foothills Pipe Lines

Manager Robert Tarvydas 299-3706

*Westcoast Energy Inc.,
Trans Mountain Pipe Line and Cochin Pipe Lines*

Manager	Albert Fung	299-3662
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*TransCanada PipeLines, Gazoduc T.Q.M. and
Interprovincial (NW)*

A/Manager	Stewart White	292-4852
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LAW BRANCH

General Counsel	Judith Snider	299-2737
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A/Director	Judith Hanebury	292-6497
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Counsel	Peter Noonan	299-3552
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Secretary	Susan Gudgeon	299-2704
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Counsel	Margery Fowke	299-2708
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Counsel	George Lepine	299-2707
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Counsel	Gord Nettleton	299-2708
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Secretary	Corina Smith	292-6540
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Counsel	Boris de Jonge	292-6495
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Counsel	Irene Gendron	299-2709
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Counsel	Christine Beauchemin	292-6489
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Secretary	Elizabeth Arden	292-6540
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PROFILE

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the National Energy Board Act include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

Legislative amendments to the NEB Act have been passed formally transferring certain frontier oil and gas regulatory functions to the National Energy Board. As a result, the Board's responsibilities under the Canada Oil and Gas Operations Act and certain provisions of the Canada Petroleum Resources Act now encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the Northern Pipeline Act and the Energy Administration Act. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the Canada Labour Code.

National Energy Board
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Regulatory Agenda

Issue No. 54

(The period covered in this Regulatory Agenda is 1 July to 30 September 1995)

1 October 1995

Applications Considered by Public Hearing

Oral Hearings

Recent Hearing Decisions

1. *Westcoast Energy Inc. - 1995 Tolls - RH-5-94*

(Refer to item 2 under *Appeals and Reviews* on page 11)

Reasons for Decision dated July 1995; issued on 17 July 1995.

In its decision the Board estimated that final tolls for 1995 will be approximately 5.6 percent higher than the 1994 tolls. The company had requested an overall toll increase of eight percent over those approved for 1994. The Board also estimated that the approved revenue requirement for 1995 will be approximately \$448.1 million, or \$10.3 million less than the applied-for amount of \$458.4 million.

In an earlier decision (RH-2-94, Cost of Capital Hearing), the Board approved a rate of return on common equity of 12.25 percent for Westcoast for 1995. This represents an increase of 75 basis points over the previously approved rate of 11.50 percent for 1994.

The Board also approved global operating and maintenance expenses of \$135.2 million, or \$3.4 million less than the applied-for amount of \$138.6 million.

The Board held seven days of public hearing on the application from

24 April to 2 May 1995 in Vancouver, British Columbia.

2. *Gas Export Hearing - GH-1-95*

Reasons for Decision dated July 1995; issued on 10 August 1995.

The Board amended an existing licence issued to Brooklyn Navy Yard by extending the term of the licence by five years and increasing the term volumes by 1 370.0 million cubic metres (48.5 billion cubic feet). Brooklyn Navy Yard is now authorized to export some 750 000 cubic metres (26.5 million cubic feet) of natural gas per day at Iroquois, Ontario for a period of 20 years. The natural gas will be used to fuel a cogeneration facility being constructed by Brooklyn Navy Yard in Brooklyn, New York.

The Board issued a nine-year licence to Renaissance Energy Ltd. to export some

79 300 cubic metres (2.8 million cubic feet) of natural gas per day at Niagara Falls, Ontario. The natural gas will be delivered to Renaissance Energy (U.S.) Inc. who in turn will sell it to Delmarva Power & Light Company, a local distribution company in Wilmington, Delaware.

The Board held seven days of public hearing on the applications from 29 May to 6 June 1995 in Calgary.

Hearing Decision Pending

1. *Foothills Pipe Lines Ltd. - Tolls - RH-1-95*

The Board held a public hearing on 11 and 12 September 1995 in Calgary to consider whether it is appropriate to draw down the deferred taxes of Foothills, and if so, to what extent and over what period of time. Foothills'

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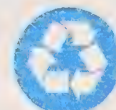
Preface

The purpose of this quarterly agenda is to provide information on recent hearing reports, advance notice of forthcoming regulatory actions, and information on the status of ongoing proceedings.

Except where otherwise noted, jurisdiction over the items listed in the agenda is exercised pursuant to the National Energy Board Act, R.S.C. 1985, c.N-7, as amended.

A profile of the National Energy Board appears on the last page of this agenda.

National
Energy Board



balance of deferred income taxes was frozen at approximately \$135.8 million, effective 1 January 1992, when the Board approved a change in methodology for income taxes in Foothills' cost of service.

The hearing was held to consider a report entitled "*Feasibility and Financial Impact of Drawing Down all, or a Portion of, Foothills' Deferred Income Tax Balance*" which the Board directed the company to prepare in its Reasons for Decision resulting from Hearing RH-1-93, issued in November 1993. The company filed that report on 30 September 1994 and it served as Foothills' application in this hearing. During the hearing the Board also examined the cost efficiency of Foothills' operating arrangements for Zones 6 to 9.

Hearings Scheduled

1. *TransCanada PipeLines Limited - 1995/1996 Facilities Application - GH-3-95*

The Board will hold a public hearing commencing on 2 October 1995 in Sarnia, Ontario on an application by TransCanada for the construction of pipeline facilities in 1996 and 1997.

TransCanada applied for approval to construct new pipeline and compression facilities on its mainline transmission system. The facilities comprise of approximately 295.9 kilometres (184 miles) of pipeline, three new compressor units totalling about 85 megawatts of new compression and associated facilities. The estimated cost of the project is \$489.1 million.

TransCanada plans to begin construction during 1995, with expected completion by 1 November 1996. The proposed additional facilities would permit TransCanada to meet requests for long-haul firm services including 2.8 million cubic metres (99.6 million cubic feet) per day of new firm service and an average of 805 000 cubic metres (28.4 million cubic feet) per day of firm service tendered from Empress, Alberta.

2. *Gas Export Hearing - GH-4-95*

The Board will hold a public hearing commencing on 14 November 1995 in Calgary on five applications to export some 8.3 billion cubic metres (299.7 billion cubic feet) of natural gas for periods ranging from two to 16 years.

The applications to be considered at the hearing are from Altresco Pittsfield, L.P., Crestar Energy, Enron Capital & Trade Resources Corp., Husky Oil Operations Ltd. and Morgan Hydrocarbons Inc./Coastal Gas Marketing Company, joint applicants.

3. *TransCanada PipeLines Limited - 1996 Tolls - RH-2-95*

The Board will hold a public hearing commencing 11 December 1995, at a location to be announced later, on an application from TransCanada for approval of new tolls the company may charge effective 1 January 1996.

TransCanada applied for a 6.9 percent increase in its gross revenue requirement to \$1,897.9 million from \$1,775.8 million and is based on a rate of return on common equity of 12.25 percent on a deemed common equity ratio of 30 percent. The 12.25 percent applied for is the rate approved by the Board for 1995. This rate will be adjusted for 1996 in accordance with the NEB formula related to long-term Canadian bond rates established in the Board's multi-pipeline cost of capital decision (RH-2-94) in April, 1995.

4. *Trans Mountain Pipe Line Company Ltd. - 1995-1996 Tolls*

The Board will hold a public hearing, at a date and location to be announced later, on an application from Trans Mountain for approval of tolls for 1995 and 1996.

As background, on 17 March 1994, the Board issued Order RH-2-94 (Cost of Capital Hearing) setting down a hearing to determine inter alia the cost of capital of Trans Mountain. That hearing concluded on 20 December 1994. On

16 December 1994, the Board issued Order TOI-6-94 allowing Trans Mountain to charge its existing tolls on an interim basis effective 1 January 1995 pending the determination of final tolls for 1995.

On 11 April 1995, the Board issued Order TG/TO-1-95 and accompanying reasons for decision (RH-2-94) approving for Trans Mountain a rate of return on common equity of 12.25 percent for 1995 and a deemed common equity ratio of 45 percent. On 30 May 1995, Trans Mountain applied for final tolls for 1995, incorporating these decisions. Trans Mountain also applied to have its proposed tolls replace those being charged on an interim basis. Accordingly, the Board issued Order AO-TOI-6-94 allowing Trans Mountain to charge the applied-for tolls on an interim basis effective 1 June 1995.

On 13 July 1995, the Board stated its intention to hold an oral hearing to determine Trans Mountain's final tolls for 1995 and invited comments on the merits of also considering 1996 tolls in the same hearing. On 3 August 1995, the Board, after considering the comments of interested parties, indicated its intention to issue an order to set down a hearing to determine Trans Mountain's final tolls for both, 1995 and 1996.

On 29 August 1995, Trans Mountain expressed a preference for holding a hearing in late 1995. On 8 September 1995, the Board replied that it was unable to commit to such a date at this time since it was still considering its fall schedule. In the meantime Trans Mountain was required to file an updated application for 1995 and 1996 tolls by 29 September 1995.

Hearing Suspended

1. *Express Pipeline Ltd. - Pipeline Facilities - OH-1-95*

On 5 September 1995, the Board announced that it had suspended the OH-1-95 hearing schedule pending the outcome of a proposal to establish a

joint review panel between the Board and the Canadian Environmental Assessment Agency for the assessment of the Express project.

By way of background, at the time it filed its application on 8 June 1995, Express requested that the Board seek approval from the Minister of the Environment, pursuant to section 43 of the *Canadian Environmental Assessment Act* ("CEAA"), to have its hearing process substituted for that of a review panel constituted under the CEAA. On 22 June 1995, the Board set the application down for hearing (scheduled start date 23 October 1995 in Calgary) and advised that it had made a request to the Minister for the CEAA substitution.

On 7 July 1995, the Minister advised the Board that it would be more appropriate to establish a joint review panel with the Board, pursuant to sections 40 through 42 of the CEAA, for the public review of the project. A draft agreement for the establishment of a joint panel was subsequently drawn up and issued for public comment on 27 July 1995. This process drew three submissions, which remained under consideration at the time the OH-1-95 proceeding was suspended.

On 13 September 1995, the Minister and the Board finalized an agreement whereby the application would be heard by a joint panel consisting of two permanent Board Members and two other persons appointed by the Minister and approved by Governor in Council as part-time temporary Board Members. On 26 September 1995, the Board notified OH-1-95 parties of the agreement and advised that a revised hearing order would be issued following the appointment of those two temporary members. On 28 September 1995, Dr. Glennis Lewis and Dr. Richard Revel were appointed temporary members of the Board for a term of six months.

The Canadian portion of the proposed Express Pipeline would consist of approximately 435 kilometres (270 miles)

of 610 millimetre (24 inch) diameter pipeline extending south from Hardisty, Alberta to the international border near Wild Horse, Alberta, as well as associated terminaling, storage, and pumping facilities (at an estimated total cost of about \$196 million). On the U.S. side, the pipeline would continue across the State of Montana and terminate near Casper, Wyoming. The pipeline is planned to have an initial capacity of approximately 27,000 cubic metres (170,000 barrels) of crude oil per day, with linefill scheduled to take place by October 1996.

Written Hearing

Recent Hearing Decision

1. ISH Energy Ltd. - Desan Pipeline Project - OHW-1-95

Reasons for Decision dated September 1995; issued on 28 September 1995.

The Board approved an application by ISH Energy to construct and operate a crude oil pipeline in northern British Columbia and Alberta.

ISH Energy will construct and operate 95 kilometres (59 miles) of pipeline extending from the Desan oil field in northeastern British Columbia to the Interprovincial Pipe Line (NW) Ltd. injection facility located on the Norman Wells crude oil pipeline in Alberta. The project also involves the construction of pumping and metering equipment and other associated pipeline facilities. The project is known as the Desan Pipeline Project.

ISH Energy estimates the capital cost of the project to be \$14.5 million. The company is planning for an in-service date of 1 April 1996.

The Desan Pipeline Project is a joint venture equally owned by ISH Energy and Westcoast Gas Services Inc., a wholly owned subsidiary of Westcoast Energy Inc. of Vancouver.

Hearing Adjourned

1. PanCanadian Petroleum Limited - Pipeline Facilities - GHW-1-95

On 26 June 1995, at the request of PanCanadian, the Board decided to adjourn the hearing sine die of an application by PanCanadian to construct a natural gas pipeline under the Ottawa River.

The Board was conducting a written public hearing on the application in which PanCanadian sought approval to construct a natural gas pipeline under the Ottawa River. The proposed pipeline would consist of approximately 14.5 kilometres (8.7 miles) of pipeline running from TransCanada PipeLines Limited's Ottawa sales gate meter station in Gloucester, Ontario to the Avenor newsprint mill in Gatineau, Quebec. The pipeline was intended to transport 900 000 cubic metres (32 million cubic feet) per day of gas to provide service to a cogeneration facility proposed to be constructed on the Avenor site. The estimated cost of the facilities is \$8.4 million.

Hearing Applications Filed

1. Westcoast Energy Inc. - Pine River Plant and Grizzly Valley Raw Gas Transmission System

On 28 September 1995, the Board referred to the Federal Court of Appeal an application from Westcoast for the proposed expansion of its Pine River Plant and Grizzly Valley Raw Gas Transmission System in northeastern British Columbia. The proposed expansion also includes the Sukunka Fuel Gas Pipeline, a loop of the Pine River Mainline and modifications to Compressor Station No. 2.

Westcoast requested that because of the Board's ruling in its Reasons for Decision GH-5-94, issued 26 May 1995 on the constitutional question of jurisdiction, that the Board ask for a ruling at the earliest possible time from the Federal Court of Appeal, on whether the Board

has jurisdiction to hear the Grizzly Valley expansion project application.

Westcoast said in its application that the proposed expansion facilities will provide additional raw gas transmission, processing and mainline transmission capacity on the company's pipeline system to accommodate additional volumes of gas to be produced in the Grizzly Valley resource area.

The application provides for the expansion of Westcoast's existing Pine River Plant rather than construction of a new plant at Tumbler Ridge as proposed in the company's expansion plans filed with the Board in November 1994 (refer to 1 under *Hearing Application Adjourned* on page 4 of the 1 July 1995 issue of the *Regulatory Agenda*).

2. *Interprovincial Pipe Line Inc. and Westspur Pipe Line Company Inc. - Facilities Expansion*

Interprovincial and Westspur filed applications for permission to expand their pipeline systems.

Interprovincial is requesting authorization to construct pumping and associated facilities necessary to expand the capacity of its system to allow delivery of an incremental volume of approximately 18 000 cubic metres (120 000 barrels) per day. Interprovincial also proposes to construct two new tanks at its existing terminal locations in Hardisty, Alberta and Cromer, Manitoba. Interprovincial estimates the expansion to cost \$86 000 000. The planned in-service date is 31 December 1996.

Westspur is requesting authorization to construct 33.4 kilometres (21 miles) of pipeline from its Steelman terminal in Saskatchewan to the international border near North Portal, Saskatchewan. At the international border, an interconnection will be made to a new segment of pipeline to be constructed by Portal Pipe Line Company. The expansion will also include pump unit additions and modifications to existing facilities at Westspur's Steelman pump station. The expansion will increase Westspur's capacity by 7 950 cubic metres (50 000

barrels) per day. Westspur estimates the expansion to cost \$5 250 000. The proposed in-service date is the third quarter of 1996. Westspur's applications complement Interprovincial's application.

Interprovincial and Westspur have requested that the Board consider the applications concurrently by means of a written procedure rather than an oral public hearing. The Board will announce at a later date the procedure that will be followed in considering the applications.

Public Inquiry

1. *Stress Corrosion Cracking (SCC)*

On 20 September, the Board issued its Directions on Procedures for participation in its public inquiry into SCC problems on Canada's oil and natural gas pipelines. The Board also issued a "Preliminary List of Issues" to assist persons in the preparation of their written submissions to the Board.

During the inquiry, the Board will gather information on the status of research on SCC and the experience of pipeline companies and regulatory agencies. The Board will also meet

with several communities beginning in late October, with definite dates to be announced in local newspapers, to discuss public concerns. Thereafter, the Board will hold a public hearing in Calgary in early 1996.

The Board requested persons to register as participants to the inquiry by 12 October 1995 and file submissions to the inquiry by 31 December 1995.

Stress corrosion cracking involves a complex process which can result in the formation of cracks on the surface of a buried pipeline. In severe cases, the

pipeline can fail if the cracking goes undetected for several years. There have been seven pipeline failures on the TransCanada PipeLines system attributed to SCC since 1985. The

Board announced on 11 August 1995 that because it is seriously concerned about the increased incident of SCC it would hold a wide-ranging public inquiry into SCC on Canadian oil and gas pipelines. On 5 September 1995 the Board announced the terms of reference for the inquiry.

Other Applications

The Board had or has before it a number of applications and other matters that do not require public hearings. Since the 1 July 1995 issue of the Regulatory Agenda, the following matters have been or are being considered by the Board.

Energy Commodity Matters

Natural Gas

Matters Completed

1. *Dartmouth Power Associates Limited Partnership - Contract Amendment*

On 21 August 1995, the Board approved an application dated 23 June 1995 for approval of a Second Amending Agreement to the Gas Purchase Contract between Dartmouth and Home Oil Company Limited underpinning natural gas exports under Licence GL-164.

2. *Husky Oil Operations Ltd. - Contract Amendment*

On 1 September 1995, the Board approved, in part, an application dated 25 July 1995 from Husky for approval of an Amended Gas Purchase Contract between Husky and Midland Cogeneration Venture Limited Partnership underpinning exports of natural gas under Licence GL-114.

The Board only approved part of the application because parts of the Amended Gas Purchase Contract dealing with the extension of the term will be dealt with in the gas export public hearing scheduled for November 1995 (refer to item 2 under *Hearings Scheduled on page 2*).

3. *Mobil Oil Canada - Contract Amendment*

On 1 September 1995, the Board approved an application dated 3 August 1995 from Mobil for approval of amendments to the Gas Purchase Contract between Mobil and Cascade Natural Gas Corporation underpinning exports of natural gas under Licence GL-145.

4. *Renaissance Energy Ltd. - Contract Amendment*

On 25 July 1995, the Board approved two Amended Gas Purchase Contracts between Renaissance and each of Bay State Gas Company and Northern Utilities Inc. underpinning natural gas exports under Licences GL-252 and GL-253.

5. *Westcoast Gas Services Inc. - Contract Amendments*

On 31 August 1995, the Board approved an application dated 5 January 1995 from Westcoast Gas Services for the approval of three Amended and Restated Gas Sales Agreements between Westcoast Gas Services and each of Washington Natural Gas Company, Cascade Natural Gas Corporation and the Washington Water Power Company underpinning exports of natural gas under Licences GL-225, GL-226 and GL-227. The Board also revoked, at the request of Westcoast Gas Services, gas export Licence GL-228.

6. *Wascana Energy Inc. - Revocation of Natural Gas Export Licence GL-77 and New Gas Supply Arrangements Underpinning Natural Gas Export Licence GL-229*

On 12 September 1995, the Board approved an application dated 16 December 1994 from Wascana for an order revoking natural gas export Licence GL-77 and for approval of new gas supply arrangements underpinning exports under Licence GL-229.

Electricity

Matters Completed

1. *TransAlta Utilities Corporation - Application for an Electricity Export Permit*

Reasons for Decision dated July 1995, issued on 4 August 1995.

On 27 July 1995, the Board approved an application dated 31 March 1995 from TransAlta for approval to export

electricity. The Board approved two permits for periods of five years, beginning 3 August 1995 and ending 3 August 2000, which allow the export, in any consecutive twelve-month period, of up to 8 760 gigawatt hours of short-term firm energy at a rate of up to 1 000 megawatts and up to 8 760 gigawatt hours of interruptible energy (less any firm energy exported).

2. *West Kootenay Power - Complaint Regarding Provision of Fair Market Access*

On 21 August 1995, West Kootenay Power advised the Board that it was now a member of the Power Exchange Operation (PEO), a short-term marketing operation on an electronic bulletin board coordinated and administered by BC Hydro/POWEREX. On 1 September 1995, the Board sent a letter to West Kootenay Power stating that the Board now considers the matter of its complaint concluded.

In a letter dated 3 February 1995, West Kootenay Power complained that it had been denied membership in the PEO and thus had been denied fair market access according to the terms and conditions of POWEREX Export Permits EPE-41, -42, -43 and -44.

After considering West Kootenay's submission and reply comments from POWEREX, the Board sent a letter to POWEREX dated 15 June 1995 conveying its view that all parties have not been given the ability to access the PEO and, given this change in circumstances, required POWEREX to provide further submissions on how it intends to satisfy fair market access. In particular, the Board requested that such submissions address how POWEREX intends to offer fair market access to all interested parties, including those who are unable to gain access to the PEO, such as West Kootenay Power.

Matters Under Consideration

3. *Destec Power Services Inc. - Application for Electricity Export Permits*

On 17 May 1995, Destec applied for permits to export up to 150 megawatts of capacity and up to 1 200 gigawatt hours of energy on either a firm or interruptible basis. Destec requested a ten-year permit with individual contracts of up to five years without having to obtain a specific permit each time in advance from the Board.

The application is under review.

4. *Multi Energies Inc. - Application for an Electricity Export Permit*

On 1 September 1995, Multi Energies applied for a 10-year permit to export from New Brunswick, Quebec and Ontario up to 1 000 megawatts of power and up to 8 760 gigawatt hours of energy on a firm or interruptible basis. The applicant requested authorization to enter into individual contracts of up to five years without having to obtain a specific permit for each transaction and in advance from the Board.

The application is under review.

5. *New Brunswick Power Corporation - Amendment to Electricity Export Permit EPE-15*

On 16 March 1995, NB Power applied for approval to amend Export Permit EPE-15 to allow:

- i) the sale of firm as well as interruptible energy under the permit;
- ii) firm and/or interruptible exports to the entities included in Condition 4 of the permit and to others who may express an interest in purchasing energy from NB Power;
- iii) NB Power to enter into firm transactions without prior Board approval, however, agreements would be filed with the Board; and
- iv) fair market access under wording included in recent permits issued by the Board, namely;

a) informing those who have declared an interest in buying electricity for consumption in Canada of the quantities and classes of services available for sale; and

b) giving an opportunity to purchase electricity on terms and conditions as favourable as the terms and condition which apply to the exports, to those who, within a reasonable time after being informed, demonstrate an intention to buy electricity for consumption in Canada.

In January 1991, the Board issued Export Permit EPE-15 which allowed exports of interruptible energy for the period 1 February 1991 to 31 October 2000.

In its application to amend Export Permit EPE-15, NB Power stated that it required the ability to respond to a U.S. request for firm capacity and energy as readily as a request for interruptible energy under the Permit.

On 4 May 1995, the Board decided to consider the application as a new application and advised NB Power to file a new application pursuant to the 7 July 1993 Memorandum of Guidance. The Board considered that the amendments requested to EPE-15 were fundamental changes to the nature of the transactions authorized under the permit.

6. *Ontario Hydro - Amendments to Electricity Export Permit EPE-21*

On 20 July 1995, Ontario Hydro applied for approval to amend Export Permit EPE-21 by removing certain conditions from the permit. On 24 August 1995, the Board sent a letter to Ontario Hydro seeking their comments on the proposed amended conditions.

Export Permit EPE-21 authorizes Ontario Hydro to export interruptible energy of up to 25 000 gigawatt hours per consecutive 12-month period less

actual exports under Export Permit EPE-23. The permit is for the period 1 July 1991 to 30 June 2006.

7. *TransCanada Northridge Power Ltd. - Application for an Electricity Export Permit*

On 4 August 1995, TNP applied for a permit to export up to 115 megawatts of short-term power and up to 1 000 gigawatt hours of short-term firm energy per year. TNP also applied for a permit for the export of interruptible energy in amounts up to 2 000 gigawatt hours in each year of the term less any short-term firm exports made by TNP. The requested term of the permit is 10 years.

The application is under review.

8. *Utility - Trade Corp. - Application for an Electricity Export Permit*

On 30 March 1995, UTC applied for approval of a ten-year permit to export up to 3 000 gigawatt hours of interruptible and firm energy per year with monthly volumes not to exceed 250 000 megawatt hours. The applicant requested authorization to enter into individual contracts of up to five years without having to obtain a specific permit for each transaction and in advance from the Board.

The application is under review.

Pipeline Matters

Matters Completed

1. *Murphy Oil Company Limited - Pipeline Looping*

On 21 September 1995, the Board approved an application dated 31 March 1995 from Murphy Oil for approval to construct a 16.1 kilometre-long pipeline loop known as the Milk River Pipeline Loop. The looping project will commence at Murphy Oil's pump station near Milk River, Alberta and will continue to the Alberta/Montana Border. The project will increase the capacity of the Murphy Oil's Milk river system by

5 300 to 17 500 cubic metres per day. The estimated cost of the project is \$4 million.

2. *Niagara Gas Transmission Limited - Jurisdiction Question*

Reasons for Decision dated September 1995; issued on 28 September 1995.

The Board has decided that a section of The Consumers' Gas Company Limited (Consumers' Gas) natural gas pipeline, once joined to a proposed pipeline of Niagara Gas which will cross the Ottawa River, is subject to federal jurisdiction.

Niagara Gas, an affiliate of Consumers' Gas, is constructing a natural gas transportation line across the Ottawa River, linking with the existing Consumers' Gas Ottawa East line. The proposed Niagara Gas line is intended to connect at its downstream end with a new line that Gazifère Inc. (Gazifère) plans to construct in Quebec to expand its distribution system. The Board approved the proposed Niagara line but found that a consideration of the Niagara Gas application raised a question of jurisdiction over the upstream facilities of Consumers' Gas. In December 1994, the Board advised parties involved in the application that it would take no decision on the jurisdictional question until the construction of Gazifère's new line had been approved by the Quebec regulatory authority. On 5 July 1995, this authorization was received by Gazifère and the Board subsequently received a request from Consumers' Gas to proceed with the jurisdictional question.

The Board has decided that the Ottawa East line of Consumers' Gas, once connected to the Niagara line, is subject to federal jurisdiction. As a result of the nature of the connection of the Ottawa East line to the upstream TransCanada PipeLines line, federal jurisdiction commences where the TransCanada line connects with the Consumers' Gas line at the property of the Ottawa Gate Station and includes the Ottawa Gate Station and the Ottawa East line.

3. *Northrock Resources Ltd. Application to Purchase and Operate the Bonanza Pipeline*

On 1 September 1995, the Board approved an application from Northrock to purchase and operate a pipeline known as the Bonanza Pipeline. The pipeline in question is 5.4 kilometres long and connects a well in Saskatchewan to a pipeline in Alberta owned by Petrolia Oil and Gas Limited.

4. *Westspur Pipeline Company Inc. - Transfer of Ownership of Pipelines - Constitutional Question*

On 31 July 1995, the Board approved an application dated 23 August 1994 from Westspur for approval to transfer ownership of some 300 pipeline segments, referred to as effluent lines, totalling approximately 100 kilometres in length to its parent company, Producers Pipelines Inc. The lines are used to gather crude oil produced around Westspur's Midale, Steelman and Alida terminals in Saskatchewan.

Westspur had suggested that this transfer of ownership, together with the previous consolidations of the field batteries and the resulting conversion of these pipelines segments to emulsion service, will result in the Board no longer having jurisdiction over these facilities. Having regard to section 57 of the Federal Court Act, the Board was of the view that it could not decide this question unless notice is given to the federal and provincial Attorneys General. The Board gave notice on 31 July 1995.

The Board received responses to the notice from the Saskatchewan Department of Justice and Westspur and on 7 September 1995 the Board advised Westspur that the emulsion pipelines were no longer under federal jurisdiction.

5. *Westcoast Energy Inc. - Boundary Lake Gas Plant Decommissioning*

On 27 July 1995, the Board approved an application dated 15 November 1994 from Westcoast for approval to abandon the operation of the boundary Lake

Gas Plant and to deactivate 1.87 kilometres of raw gas transmission pipeline connected to the Plant. The Plant is located approximately 40 kilometres east of Fort St. John near the British Columbia and Alberta border. The estimated cost of the project is \$2 202 000.

6. *West Moberly Lake First Nations - Westcoast Energy Inc. - Southern Mainline Looping and Fort Nelson Mainline Looping, GH-2-95 - Application for Stay*

On 30 August 1995, the Board refused a request by West Moberly for a stay of the orders granted pursuant to Hearing GH-2-95 pending a leave to appeal of the orders to the Federal Court of Appeal (refer to item 2 under *Appeals and Reviews* on page 11).

On 22 June 1995, the Board approved two applications by Westcoast to construct four loops on its natural gas pipeline transmission system in British Columbia. The Board approved the construction of 39.4 kilometres (23.6 miles) of pipeline looping on Westcoast's Southern Mainline system. The Board also approved the construction of 22.1 kilometres (13.3 miles) of pipeline looping on Westcoast's Fort Nelson Mainline.

On 21 July 1995, West Moberly filed a Leave to Appeal application with the Federal Court of Appeal. On 15 August 1995, West Moberly applied for an order staying the decision or orders in respect of which the Leave to Appeal application has been brought, pending the outcome of the appeal.

The Board sought the views of interested parties on this matter.

7. *Documentation and Operation Safety Audit Reports*

The Board has adopted the Documentation and Operations Safety Audit Reports for Monitoring Compliance with the Onshore Pipeline Regulations for the following companies:

Huntingdon International Pipeline Corporation - 20 July 1995

TransCanada PipeLines Limited -
16 August 1995
TransCanada PipeLines Limited -
28 August 1995
TransCanada PipeLines Limited -
7 September 1995
TransCanada PipeLines Limited -
27 September 1995

Westcoast Energy Inc.
Application dated 12 April 1995
Estimated Cost: \$977 000
Approved on 30 June 1995
Order Number XG-W5-26-95

Westcoast Energy Inc.
Application dated 2 December 1994
Estimated cost: \$1 760 000
Approved on 21 July 1995
Order Number: XG-W5-32-95

Estimated cost: \$131 000
Approved on 14 September 1995
Order Number XO-J1-17-95

Trans Mountain Pipe Line
Company Ltd.
Application dated 3 March 1995
Estimated Cost: \$2 380 000
Approved on 4 July 1995
Order Number AO-4-XO-T4-7-94

8. Section 58 Pipeline Applications

The Board has approved or is considering several applications under section 58 of the *National Energy Board Act* involving routine pipeline facilities or the construction of pipelines not exceeding 40 kilometres in length. These matters may be considered by the Board without a public hearing.

Gas Pipelines

TransCanada PipeLines Limited
Application dated 14 March 1995
Estimated Cost: \$6 660 800
Approved on 6 April 1995
Order Number XG-T1-12-95

TransCanada PipeLines Limited
Application dated 14 March 1995
Estimated Cost: \$6 650 800
Approved on 11 July 1995
Order Number XG-T1-24-95

TransCanada PipeLines Limited
Application dated 23 May 1995
Estimated Cost: \$340 000
Approved on 11 July 1995
Order Number XG-T1-29-95

TransCanada PipeLines Limited
Application dated 26 June 1995
Estimated Cost: \$140 560
Approved on 7 July 1995
Order Number XG-T1-31-95

TransCanada PipeLines Limited
Application dated 28 July 1995
Estimated Cost: \$1 425 000
Approved on 26 September 1995
Order Number XG-T1-35-95

Westcoast Energy Inc.
Application dated 12 July 1995
Estimated cost: \$55 000
Approved on 21 July 1995
Order Number: XG-W5-33-95

Westcoast Energy Inc.
Two applications dated 4 July 1995
Estimated Cost: \$23 353 000
Applications approved on
8 September 1995
Order Numbers XG-W5-36-95
and XG-W5-38-95

Westcoast Energy Inc.
Application dated 9 May 1995
Estimated cost: \$342 000
Approved on 2 August 1995
Order Number: XG-W5-34-95

Westcoast Energy Inc.
Application dated 4 July 1995
Estimated Cost: \$11 254 000
Approved on 8 September 1995
Order Number: XG-W5-36-95

Westcoast Energy Inc.
Application dated 4 July 1995
Estimated Cost: \$8 133 000
Approved on 8 September 1995
Order Number: XG-W5-38-95

Westcoast Energy Inc.
Application dated 24 July 1995
Estimated cost: \$653 000
Approved on 22 September 1995
Order Numbers XG-W5-40-95
and MO-18-95

Oil Pipelines

Petroleum Transmission Company
Application dated 10 August 1995
Estimated Cost: \$468 000
Approved on 12 September 1995
Order Number XO-P015-16-95

Interprovincial Pipe Line Inc.
Application dated 11 September

Trans Mountain Pipe Line
Company Ltd.
Application dated 24 September 1993
Estimated Cost: \$10 000
Approved on 4 July 1995
Order Number XO-T4-11-95

Trans Mountain Pipe Line
Company Ltd.
Application dated 19 July 1995
Estimated Cost: \$74 500
Approved on 25 August 1995
Order Number XO-T4-14-95

Westspur Pipe Line company Inc.
Application dated 19 June 1995
Estimated Cost: \$44 500
Approved on 28 July 1995
Order Number XO-W2-12-95

Westspur Pipe Line company Inc.
Application dated 21 July 1995
Estimated Cost: \$57 000
Approved on 14 August 1995
Order Number XO-W2-13-95

Westspur Pipe Line Company Inc.
Application dated 9 August 1995
Estimated Cost: \$1 205 800
Approved on 7 September 1995
Order Number XO-W2-15-95

Murphy Oil Company Ltd. on behalf of
Wascana Pipe Line Ltd.
Application 31 March 1995
Estimated Cost: \$4 050 000
Approved on 21 September 1995
Order Number XO-W23-18-95

Interprovincial Pipe Line (NW) Ltd.
Application dated 1 September 1995
Estimated Cost: \$111 300
Approved on 27 September 1995
Order Number XO-J34-19-95

Matters Under Consideration

9. *Niagara Gas Transmission Limited - The Link Project*

On 27 March 1995, Niagara Gas applied for approval to construct 10.2 kilometres of pipeline from the St. Clair River to the Tecumseh Compressor Station in Moore Township, Lambton County, Ontario and a metering facility at Tecumseh.

The proposed pipeline would have the capacity to transport up to 4.2 million cubic metres (150 million cubic feet) per day of natural gas to markets in eastern Canada and to the northeast United States. The estimated cost of the pipeline is \$12.5 million.

On 4 and 13 May 1995, the Board sent letters to Niagara Gas requesting additional information. On 30 June 1995, the Board sought input on the application, pursuant to the *Canadian Environmental Assessment Act*, from Fisheries and Oceans Canada, National Transportation Agency and the Canadian Coast Guard. Niagara Gas and interested parties have until 13 October 1995 to file final comments on the application.

10. *Novacorp International (Canada) Ltd., and St. Clair Pipelines Limited - Pipeline Under the Detroit River*

On 21 December 1994, the above-mentioned companies applied for an extension of a clause in Order XG-11-88 which required that the construction of the pipeline approved under the Order commence by 31 December 1989, later extended to 31 December 1994. The clause in the Order has been extended four times previously as the connecting pipeline in the United States became the subject of legal proceedings which necessitated successive postponement of construction of the Canadian portion. Order XG-11-88 authorized the construction of a 660-metre long pipeline across the Detroit River. The pipeline is intended to provide an alternate source of gas for the National Steel Corporation plant in the state of Michigan.

Novacorp also applied for approval to transfer its rights and obligations under the Order to St. Clair. Novacorp and St. Clair have reached an agreement whereby St. Clair will build and operate the pipeline.

On 23 December, the Board extended the sunset clause until such time that it disposes of the current application.

On 26 January 1995, the Board sent a letter to the companies requesting additional information.

11. *Trans-Northern Pipelines Inc. - Abandon Toronto Shipper Laterals*

On 24 November 1994, Trans-Northern applied for approval to retire, remove or abandon certain facilities generally described as the Toronto shipper laterals.

On 24 March and 18 July 1995, the Board sent letters to Trans-Northern requesting additional information.

12. *Yukon Pipelines Limited - Discontinuance of Operation*

On 12 July 1995, Yukon Pipelines filed an application regarding its intention to abandon the 144.5-kilometre Canadian section of the 177-kilometre long pipeline which extends from Skagway, Alaska to Whitehorse, Yukon. Operation of the line ceased in October 1994 and the contents of the line were removed in May and June 1995.

In August 1995, the Board published a notice inviting submissions on the application by 29 September 1995.

13. *661151 Alberta Limited - Bulrush Pipeline*

On 18 September 1995, 661151 Alberta applied for approval to construct approximately 18 kilometres of pipeline extending from a gas plant in northeastern British Columbia, north of Fort St. John, to a Nova Gas Transmission Ltd. metering facility in northwest Alberta. The estimated cost of the project is \$28 million.

The application is under review.

Traffic and Toll Matters

Matter Completed

1. *Gaz Métropolitain Limited Partnership (GMPL) - Amend TransCanada PipeLines Limited's Storage Transportation Service (STS)*

On 29 September 1995, the Board approved an application dated 25 May 1995 from GMPL for an order requiring TransCanada to amend the availability conditions for STS. GMPL was asking that a provision be added to the STS Toll Schedule with respect to contract term and renewal rights which is similar to those contained in the Firm Transportation Tariff, that is, that contracts having a minimum one-year term and renewal rights upon six months notice.

The Board dealt with the application by way of a written proceeding.

Frontier Matters

1. *Panarctic Oils Ltd. - Well Abandonment*

Panarctic has submitted applications under the *Canada Oil and Gas Drilling Regulations* for authorization to abandon four wells during the winter of 1995/96. An environmental screening was completed of the proposed abandonments and they have been approved by the Chief Conservation Officer.

2. *Geophysical and Geological Operations*

Four applications for geophysical and geological operation authorizations were assessed and authorized pursuant to the *Canada Oil and Gas Operations Act* and the *Canada Oil and Gas Geophysical Operations Regulations*. Amendments to one previously authorized geophysical operation were also assessed and authorized.

3. *Northwest Territories Well Abandonment Program*

Shell Canada Ltd. applied pursuant to the *Canada Oil and Gas Drilling Regulations* for the abandonment of a total of

11 wells located in the Mackenzie Delta area during the 1995/96 winter work season. An environmental screening was completed in August 1995 and abandonment work has begun.

4. Yukon Well Abandonment Program

The Board, on behalf of the Department of Indian Affairs and Northern Development, contracted out the abandonment of the orphaned well Exco et

al West Parkin D-54. The well has been abandoned according to Part VIII of the *Canada Oil and Gas Drilling Regulations*. The final reports are being prepared. The well Peel Plateau Eagle Plains No. 1, in the Yukon Territory, owned by Norcen Energy Resources Ltd. was abandoned at the same time as the orphaned well Exco et al West Parkin D-54.

Appeals and Reviews

Appeals Pending

1. *Manitoba Hydro - Application for Leave to Appeal the Board's Amending Order AO-2-EC-III-16*

On 30 December 1992, Manitoba Hydro filed an application in the Federal Court of Appeal for leave to appeal the Board's Amending Order No. AO-2-EC-III-16 issued 31 August 1992 regarding alterations to the Dorsey Substation. Manitoba Hydro sought the appeal on the basis that the Board erred in law and jurisdiction in issuing the Order subject to certain conditions.

On 22 February 1993, the Federal Court of Appeal granted the leave application of Manitoba Hydro and a Notice of Appeal was filed by Manitoba Hydro on 20 April 1993. The case has yet to be heard.

2. *West Moberly Lake First Nations - Westcoast Energy Inc. - Southern Mainline Looping and Fort Nelson Mainline Looping, GH-2-95*

On 21 July 1995, West Moberly filed a Leave to Appeal application with the Federal Court of Appeal for leave to appeal the Board's decision in GH-2-95 (refer to item 6 under *Pipeline Matters, Matters Completed* on page 7).

The court has yet to decide on the Leave to Appeal application.

Reviews Completed

1. *Consumers Gas Company Ltd. and Union Gas Limited - Review of Reasons for Decision RH-3-94 - TransCanada PipeLines Limited Tolls*

On 31 July 1995, the Board dismissed an application dated 6 July 1995 from Consumers and Union requesting that the Board review the Reasons for Decision RH-3-94 by way of oral hearing.

The Board's Decision in RH-3-94 approved a new methodology for the calculation of the differential between the toll for Firm Service Tendered (FST) and the toll for Firm transportation (FT) service on the TransCanada system. The effect of this aspect of the Decision was an immediate increase in the annual revenue responsibility of FST by \$41 million.

Consumers and Union were asking that the Board reject the new methodology and revert to the avoided-cost methodology. Alternatively, a one year minimum transition period for the introduction of the new methodology was sought.

2. *Westcoast Energy Inc. - Review of Decision RH-5-94*

On 28 July 1995, the Board decided to amend section 3.1.1 of the RH-5-94 Reasons for Decision by substituting the date of 22 June 1995 for the existing

date of 14 June 1995, allowing the facilities in question to be included in rate base for 1995.

On 21 July 1995, the Board decided to review its Reasons for Decision RH-4-94. The Board had identified a matter with respect to its decision that warranted consideration. The matter concerns inclusion in rate base of construction projects that Westcoast expects to complete in 1995, more particularly described in the RH-4-95 Reasons for Decision. In that decision the Board approved for inclusion in Westcoast's rate base all projects which were approved under Part III of the NEB Act as of 14 June 1995.

However, the Board noted that on 22 June 1995, the Board approved the facilities applied for by Westcoast, which were the subject of the GH-2-95 proceeding (southern Mainline and Fort Nelson Mainline Looping). Given the proximity between the two dates, the Board has decided to review its Decision RH-4-94 with respect to the issue of whether the facilities approved in GH-2-95 ought to be included in rate base for 1995.

Amendments to Regulations

Amendments to the Board's regulations completed or in various stages of preparation, include the following:

1. Onshore Pipeline Regulations

On 6 May 1994, the Board issued a draft of the *Onshore Pipeline Regulations* for comment by interested persons.

The Regulations specify the requirements for the protection of property and the environment and safety of the public and company employees in the design, construction, operation, maintenance and abandonment of an onshore pipeline. The current regulations have been in effect since June, 1989.

The Board is proposing the amendments to reflect changing pipeline safety and environmental issues arising from pipeline incidents, revised CSA standards, regulatory enforcement responsibilities and general experience working with the regulations.

2. Offshore Pipeline Regulations

The *Offshore Pipeline Regulations* specify the requirement for the protection of property and the environment and the safety of the public and the company's employees in the design, construction, operation and abandonment of an offshore pipeline.

The Regulations require further review with respect to amendments to the Onshore Pipeline Regulations and integration of frontier activities into the Board.

3. National Energy Board Part VI Regulations

The amended Regulations were published in Part I of the *Canada Gazette* on 6 May 1995 for a 30-day comment period. The Board considered the comments received and further amendments will be made. The Regulations have been submitted to the Department of Justice for review and will then be pre-published in the *Canada Gazette* for a further 30-day comment period.

4. Electricity Regulations

On 30 March 1995, the Board approved, for submission to the Privy Council Office - Justice, the draft *Electricity Regulations*.

The draft regulations set out, among other things, information requirements for applications in respect of electricity exports and international power line facilities, terms and conditions of export and facilities permits, and the matters which the Board may consider in deciding whether to recommend a public hearing process. These regulations will, in part, replace the Part VI Regulations and parts of Schedule II of the draft *Rules of Practice and Procedure*.

5. Export and Import Reporting Regulations

The Regulations were published in Part I of the *Canada Gazette* on 6 May 1995 for a 30-day comment period. The Board has reviewed the comments received. The proposed Regulations will require persons exporting oil, gas, or electricity, or importing gas to provide certain information to the Board. The Board decided to remove the reporting requirements from the *Part VI Regulations* and make these new regulations under subsection 129(1) of the Act on the suggestion of the Standing Joint Committee of the Senate and House of Commons for the Scrutiny of Regulations.

The Board is proceeding to have the Regulations finalized.

6. Power Line Crossing Regulations

On 13 July 1995, the Board approved for pre-publication in Part I of the *Canada Gazette* for a 30-day comment period the *Power Line Crossing Regulations*. No comments were received. The regulations establish the conditions under which leave of the Board is not required to construct crossings involving a power line or to excavate using power-operated equipment or explosives

within thirty metres of a power line. The regulations also give minimum technical standards for the design and construction of such crossings.

The Board is proceeding to have the Regulations finalized.

7. Cost Recovery Regulations

On 20 July 1995, the Board approved an amendment to the *Cost Recovery Regulation* for transmittal to Treasury Board for approval. The amendment is to repeal section 9 of the regulations. Section 9 currently permits the Minister of Natural Resources to exclude the recovery of costs of NEB activities primarily devoted to advising the Minister and exclude or defer recovery of costs that are not of direct benefit to a regulated activity in a specific calendar year, or to include costs that are of direct benefit to a regulated activity in a specific calendar year, where those costs have been deferred or excluded from a prior calendar year. The Board proposes to repeal section 9 at the request of Standing Joint Committee for the Scrutiny of Regulations.

Once the amendment to the regulations is approved by Treasury Board, it will be published in Part II of the *Canada Gazette*.

8. Regulations Pertaining to Frontier Oil and Gas Activities

The process of creating and amending regulations pertaining to frontier oil and gas activities, under the provisions of the *Canada Oil and Gas Operations Act*, proclaimed in force in September 1992, is continuing within the Board. At present, the regulatory agenda is as follows:

Regulations which have been pre-published in Part I of the Canada Gazette

Canada Oil and Gas Installations Regulations

Canada Oil and Gas Diving Regulations - Consequential Amendments

Canada Oil and Gas Certificate of Fitness Regulations
Canada Oil and Gas Drilling Regulations - Amendments
Canada Oil and Gas Geophysical Regulations
Canada Oil and Gas Production and Conservation Regulations - Amendment

Regulations which have been published in Part II of the Canada Gazette

Newfoundland Offshore Petroleum Installations Regulations
Newfoundland Offshore Area Petroleum Diving Regulations - Amendments
Newfoundland Offshore Certificate of Fitness Regulations
Newfoundland Offshore Petroleum Drilling Regulations - Amendments
Newfoundland Offshore Area Petroleum Production and Conservation Regulations
Newfoundland Offshore Area Petroleum Geophysical Regulations

Nova Scotia Offshore Petroleum Installations Regulations
Nova Scotia Offshore Certificate of Fitness Regulations
Nova Scotia Offshore Petroleum Drilling Regulations - Amendments
Nova Scotia Offshore Area Petroleum Diving Regulations (January 29, 1994)
Nova Scotia Offshore Area Petroleum Production and Conservation Regulations
Nova Scotia Offshore Area Petroleum Geophysical Regulations

Regulations being drafted

Canada Oil and Gas Occupational Safety and Health Regulations - Amendments
Canada Offshore Oil and Gas Drilling Regulations - Re-structuring
Canada Oil and Gas Production and Conservation Regulations - Amendment
Canada Oil and Gas Diving Regulations - Amendments

Nova Scotia Offshore Spills and Debris Regulations
Newfoundland Offshore Area Petroleum Occupational Safety and Health Regulations
Nova Scotia Offshore Area Petroleum Occupational Safety and Health Regulations
Offshore Waste Treatment Guidelines
Physical Environmental Guidelines for Drilling Programs on Frontier Lands

Pursuant to an administrative arrangement between the Board and Natural Resources Canada, the Board is also working with the provinces of Newfoundland and Nova Scotia in drafting federal and provincial versions of the preceding regulations which pertain to the offshore areas under joint resource management accords.

Administrative Matters

Electronic Regulatory Filing (ERF)

The ERF project was discussed with government and industry officials on 17 July in Montreal and 18 July in Toronto. A presentation was made to the ANG Shippers Task Force in Banff on 11 September and at CAMPUT '95 in Newfoundland on 18 September. The Board also met with the Alberta Energy Utilities Board on 30 August and with the Canadian Association of Petroleum Producers in Calgary on 7 September. A quarterly meeting with members of the External Implementation Committee was held on 22 September in Montreal. ERF will also be the subject of a presentation at the NARUC Regulatory Symposium on Computer Information Systems on 1-3 October in Colorado.

A Task Force of NEB, Ontario Energy Board and industry participants collaborated on a Request for Proposal for contracting services that will play a critical role in the next two phases of ERF, which are:

Phase I Information Architecture, Design, Specification and Document Type Definition Development

This phase will act as the foundation for all subsequent ERF implementation and testing. Its purpose is to define the business information requirements of organizations who will create, use and exchange electronic regulatory information with the Board and each other. Phase I activities will involve representatives from the Board, industry and government organizations, working in analytical teams. The scope of Phase I will be limited to evaluating the paper-based flow of business information in the existing regulatory framework, as well as the creation of new electronic document architectures to support ERF testing and implementation.

Phase II Proof of Concept and Pilot Projects

The scope of the second phase will be limited to testing deliverables (such as standardized Document Type Definitions) and proving these are workable for the creation, interchange and reuse of electronic regulatory documents.

The regulatory document types to be considered in Phase I and Phase II are:

Export and import submissions (federally regulated)
Facilities and rates submissions (federally and provincially regulated)
Surveillance reports (federally and provincially regulated)
Franchises and funding (provincially regulated)

For more information, contact Project Manager Brenda Kenny at (403) 299-3565, Technical Project Manager Neil Levette at (403) 299-3613 or ERF Communications Officer Ruth Grenville at (403) 299-2719.

Board Organization

On 21 August 1995, **Judith Snider** was re-appointed temporary member of the Board for a period of six months. Ms. Snider was originally appointed temporary member on 21 February 1995. **Ms. Snider** is the Board's General Counsel and Director of its Law Branch. She will remain as General Counsel to the Board but not as Director of the Law Branch.

On 28 September 1995, the Governor in Council, on the recommendation of the Minister of Natural Resources, appointed **Dr. Glennis Lewis** and **Dr. Richard Revel** to be temporary members of the Board for a term of six months for the purpose of the review of the Express Pipeline Project (refer to item 1 under *Hearing Suspended* on page 2).

Speeches

"Cross-border Issues in Electricity and Natural Gas Trade" a presentation by Judith A. Snider, Temporary Board Member, to the ProGas Limited customer meeting held on 13 September 1995 in Calgary, Alberta (slides only).

"Canada - Gas Supply, Demand and Current Issues" a presentation by Kenneth W. Vollman, Vice Chairman, to the 14th CERI International Oil and Gas Markets Conference held on 26 September 1995 in Calgary, Alberta.

Reports and Documents Issued - 1 April to 30 June 1995

Reasons for Decision

Westcoast Energy Inc. - 1995 Tolls - RH-5-94 - Reasons for Decision dated July 1995; issued on 17 July 1995.
Gas Export Hearing - GH-1-95 - Reasons for Decision dated July 1995; issued on 10 August 1995.
TransAlta Utilities Corporation - Application for an Electricity Export Permit - Reasons for Decision dated July 1995, issued on 4 August 1995.
ISH Energy Ltd. - Desan Pipeline Project - OHW-1-95 - Reasons for Decision dated September 1995, issued on 28 September 1995.
Niagara Gas Transmission Limited - Jurisdiction Question - Reasons for Decision dated September 1995; issued on 28 September 1995.

Reports

Environmental Studies Research Funds - Report No. 127 - Westcoast and Off-shore Newfoundland Environmental Sensitivity Mapping
Environmental Studies Research Funds - Report No. 128 - East Coast Repetitive Seafloor Mapping 1979/1990

Environmental Studies Research Funds
- Report No. T31 - Environmental
Loading Studies for the CSA Offshore
Structures Code
Environmental Studies Research Funds
- Report No. 132 - Remote Sensing Ice
Detection East Coast

Instructions for Filing

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2; Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix I lists the number of copies required for the different types of applications.

Telephone Numbers

A current list of Board Members and key staff telephone numbers is attached as Appendix II.

Electronic Bulletin Board

Bulletin Board System, (403) 299-2751

Bulletin Board System Helpline
9:30 to 10:30 a.m. (MT)
(403) 299-3919

The bulletin board is available around the clock, with the exception of specified hours for data loading or occasional system upgrades. Bulletin board users can obtain news releases, hearing orders, regulatory agendas, decision overviews, appendices to the Annual Report and selected oil and gas statistics in electronic format. All information will be posted in both official languages. A user guide with instructions is available for reference. Users should set their communications software to:

- 300, 1200, 2400, 9600, 14 400 or 16 800 baps;
- full duplex;
- no parity;
- eight data bits; and
- one stop bit.

Board Document System (BDS)

The Board has a BDS system available to the public, offering direct access to an electronic library of regulatory documents. Document contents may be searched on-line with full-text search capabilities. Presently, the system contains Reasons for Decision dating from 1985 and hearing transcripts from 1991. Other document types will be added gradually, as they become available in standardized electronic format. The BDS may be used from remote locations

or at the Board's Calgary office. The only cost to users will be long-distance telephone charges, if any, to connect to the system.

All users are asked to register with the Board and sign a public access agreement. This agreement explains the responsibilities of the user and outlines relevant terms and conditions. Request for a user account may be made by mail, facsimile or telephone to our Regulatory Support Office (403) 292-4800. For more information, a brochure on the Board Document System is also available to interested parties.

Mailing Lists

If you are not already on the Board's mailing lists and wish to be added thereto, please write to the Secretary of the Board providing your mailing address and the type of material you would be interested in receiving. The following are the Board's current mailing lists:

- L1: Everything the Board issues
- L4: Oil and gas matters
- L5: Electrical matters
- L6: Annual Report only
- L7: News Releases only
- L8: Regulatory Agenda only
- L9: Environmental matters

National Energy Board



J. S. Richardson
Secretary

For copies of documents contact:
For information contact:

Regulatory Support Office (403) 292-4800
Denis Tremblay, Communications Officer (403) 299-2717

APPENDIX I

NUMBER OF COPIES REQUIRED FOR FILINGS

Applicants are requested to provide the following number of copies of their applications or other filings to the National Energy Board. For matters not listed below, one copy is sufficient.

Type of Application or Filing	No. of Copies	Type of Application or Filing	No. of Copies
(a) Hearing Matters		(iii) Oil Exports	
(i) Certificates		Registered Oil Export Orders	05
Pipeline	25	(iv) Tolls	
Power Line	20	Class I and II Adjustments	20
(ii) Export Licence		Interim Orders	20
Natural Gas	25	Operating and Maintenance Budgets	20
Electricity	20	Changes in Depreciation Rates	20
(iii) Tolls	25	Quarterly Surveillance Reports	20
(iv) Land Acquisitions	20	New or Changed Tariffs	20
(b) Non-Hearing Matters		Domestic Gas Sales Contracts and Amendments	20
(i) Natural Gas		Amendments to Tariff Orders	20
Export Orders	20	(v) Pipelines and Power Lines	
Orders for Transmission Access	20	Permits	15
Licence Amendments	20	Exemption Orders Pipelines (Sec. 58)	20
Amendments to Export Contracts	20	Certificate Amendments	20
Licence Revocations	20	Leave to Sell or Transfer	20
(ii) Electricity Exports		Incident Reports	20
Permits	15	(vi) Other	
Licence or Permit Amendments	15	Application for Review	20
Licence or Permit Revocations	15		

The number of copies of interventions or submissions to be provided in response to applications will be specified in the applicable hearing order. Private individuals who would find the provision of multiple copies an undue financial burden may file one copy, with a request to be excused from multiple filing.

All correspondence with the Board should be addressed to the Secretary, National Energy Board, 311 - Sixth Avenue S.W., Calgary, Alberta, T2P 3H2: Telephone (403) 292-4800; Fax (403) 292-5503.

Appendix II

Selected List of Telephone Numbers (Area Code 403)

General Information			292-4800	FINANCE, ADMINISTRATION AND INFORMATION TECHNOLOGY BRANCH		
Incident Reporting Number			1-800-632-1663			
			1-800-NEB-1-ONE			
Bulletin Board System			299-2751	<i>A/Director</i>	Brenda Kenny	299-3565
Bulletin Board System Helpline				Secretary	Lilly Armstrong	299-3692
9:30 to 10:30 a.m. (MT)			299-3919			
BOARD MEMBERS				<i>Manager, User Services</i>		
				(Information Technology)	Ken Wing	299-3602
Chairman			Roland Priddle	299-2724	<i>Project Manager, Electronic</i>	
Chairman's Assistant			Esther Binder	299-2725	<i>Regulatory Filing</i>	Brenda Kenny 299-3565
Secretary			Carmen Morin	299-2726		
Vice-Chairman			Kenneth Vollman	299-2730	<i>A/Manager,</i>	
Secretary			Lillian Handelman	299-2741	<i>Network Management</i>	Neil Levette 299-3613
Member			Anita Côté-Verhaaf	299-2739	PERSONNEL BRANCH	
Secretary			Lillian Handelman	299-2741	<i>Director</i>	Jim Thompson 299-3694
Member			Roy Illing	299-2729	Secretary	Sylvie Joannis 299-3695
Secretary			Mona Butler	299-2728	ECONOMICS BRANCH	
Member			Robert Andrew	299-2736	<i>Director</i>	John Hayward 299-2757
Secretary			Mona Butler	299-2728	A/Secretary	Colleen Holt 299-3629
Temporary Member			Judith Snider	299-2737	<i>Economics and Energy Analysis Division</i>	
Secretary			Lorraine Welsh	299-2734	Manager	Bob Modray 299-3157
<i>Temporary members for the purpose of the review of the Express Pipeline Project</i>					<i>Regulatory Economics Division</i>	
Temporary Member			Glennis Lewis	299-2740	Manager	Glenn Booth 299-3621
Temporary Member			Richard Revel	299-2740	ENERGY COMMODITIES BRANCH	
Secretary			Lorraine Welsh	299-2734	<i>Director</i>	Raymond Choy 299-3189
EXECUTIVE DIRECTOR					Admin. Assistant	Linda Byers 299-3185
Executive Director			Gaétan Caron	299-2700	<i>Electric Power</i>	
Admin. Assistant			Jan Dane	299-2701	Manager	Ivan Harvie 299-3165
OFFICE OF THE SECRETARY					<i>Gas Export</i>	
Secretary			Scott Richardson	299-2711	Manager	Cliff Brown 299-3190
Admin. Coordinator			Rita Bargetzi	299-2715	<i>Gas Market Analysis and Export Surveillance</i>	
Secretary			Josée L'Heureux	299-2712	Manager	Sandra McDonough 299-3186
A/Assistant Secretary, Regulatory			Michel Mantha	299-2714	<i>Transportation and Oil Exports</i>	
A/Assistant Secretary, Communications			Karla Reesor	299-2713	Manager	Hans Pols 299-3195
Communications Officer			Denis Tremblay	299-2717	ENERGY RESOURCES BRANCH	
Communications Officer			Ross Hicks	299-3930	<i>Director</i>	Graham Campbell 299-3102
Communications Officer			Ruth Grenville	299-2719	Admin. Coordinator	299-3517
Library, Information				299-3561	Secretary	Pat Cormier 299-3103
General Information and Board Distribution Centre				292-4800	<i>Crude Oil, NGL and Coal Supply Division</i>	
					Manager	Gerrit Hos 299-3120

Natural Gas Supply Division

Manager	Paul Bourgeois	299-3149
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Reservoir Engineering Division

Manager	Cliff Gemeroy	299-3138
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Geology and Resource Assessment Division

Manager	Bruce Young	299-3147
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ENGINEERING BRANCH

Director	John McCarthy	299-2766
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Admin. Coordinator	Cecilia Cupido	299-2752
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Development Engineering and Group II Pipelines

Manager	Terry Baker	299-2792
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Safety Audit

Manager	Franci Jeglic	299-2774
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Accident Investigation

Manager	Jake Abes	299-2777
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Group I Pipelines - Westcoast, Interprovincial, Foothills, Alberta Natural Gas and Cochin

A/Manager	Paul Trudel	299-2768
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Group I Pipelines - TransCanada, Gazoduc T.Q.M., Trans Mountain and Trans-Northern

A/Manager	Paul Trudel	299-2768
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Regulatory Development and Safety Studies

A/Manager	Robert Power	299-2769
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ENVIRONMENT BRANCH

Director	Ken Sato	299-3675
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Admin.Coordinator	Paulette Richard	299-3680
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Secretary	Geraldine Metcalfe	299-3676
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Biological Sciences Division

Manager	Jim McComiskey	299-3677
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Physical Sciences Division

Manager	Oleh Mycyk	299-3678
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Operations Emergency Response and Financial Liability Division

Manager	Jim Anderson	299-3682
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Socio-Economics and Lands

A/Manager	William Ostafichuk	299-3671
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Environmental Studies Research Funds

Manager	Oleh Mycyk	299-3678
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FINANCIAL REGULATION BRANCH

A/Director	Albert Fung	299-3646
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Secretary	Bette Schock	299-3648
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Interprovincial Pipe Lines, Trans-Northern

Pipelines, Alberta Natural Gas, Foothills Pipe Lines		
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Manager	Robert Tarvydas	299-3706
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Westcoast Energy Inc.,**Trans Mountain Pipe Line and Cochin Pipe Lines**

A/Manager	Lary Ladell	299-3654
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TransCanada PipeLines, Gazoduc T.Q.M. and Interprovincial (NW)

Manager	Steve Brown	299-3653
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LAW BRANCH

General Counsel	Judith Snider	299-2737
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A/Director	Peter Noonan	299-3552
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Counsel	Judith Hanebury	299-3552
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Secretary	Susan Gudgeon	299-2704
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Counsel	Margery Fowke	299-2708
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Counsel	Claire McKinnon	299-2708
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Counsel	Peter Noonan	292-2707
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Counsel	Gord Nettleton	299-2708
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Secretary	Corina Smith	292-6540
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Counsel	Boris de Jonge	292-6495
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Counsel	Irene Gendron	299-2709
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Counsel	Christine Beauchemin	292-6489
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Secretary		292-6540
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PROFILE

The National Energy Board is a federal regulatory tribunal that was created on 2 November 1959 by an Act of Parliament. Over the course of its history, it has played an important role in the development of Canada's energy sector.

The Board's regulatory powers under the *National Energy Board Act* include the granting of authorizations for the exportation of oil, natural gas and electricity, the certification of interprovincial and international pipelines and designated interprovincial and international power lines, and the setting of tolls and tariffs for oil and gas pipelines under federal jurisdiction.

In addition to its regulatory functions, the Board is responsible for advising the government on the development and use of energy resources.

The Act also requires that the Board keep under review the Canadian supply of all major energy commodities, with emphasis on electricity, oil, natural gas, and the by-products derived from oil and natural gas, as well as the demand for Canadian energy in Canada and in export markets.

The Board's responsibilities under the *Canada Oil and Gas Operations Act* and certain provisions of the *Canada Petroleum Resources Act* encompass the regulation of exploration for and the development and production of oil and gas on Frontier Lands in a manner that promotes safety of the worker, protection of the environment, and conservation of hydrocarbon resources.

The Board also has specific responsibilities under the *Northern Pipeline Act* and the *Energy Administration Act*. In addition, Board inspectors have been appointed safety officers by the Ministry of Labour to administer Part II of the *Canada Labour Code*.

National Energy Board
311 Sixth Avenue S.W.
Calgary, Alberta
T2P 3H2

(403) 292-4800

